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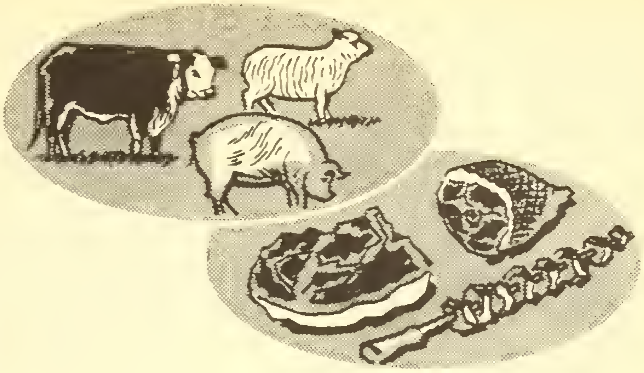
# LIVESTOCK and MEAT SITUATION

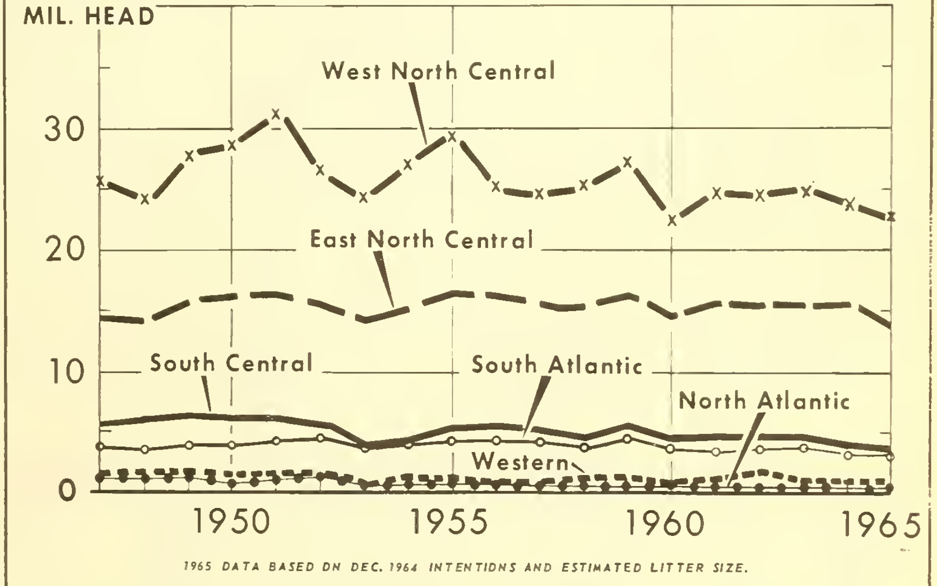


LMS-141 For Release February 3, P. M. JANUARY 1965

Farrowing plans reported December 1 indicate a 7 percent reduction during the December 1964-May 1965 period. The Western and North Atlantic Regions led, with planned declines of 12 and 11 percent, followed by the South Central States with 9 percent and the North Central States with 7 percent cuts. South Atlantic States reported intentions to farrow 6 percent fewer sows. Slaughter supplies in the second half of this year will be down from a year earlier in all regions.

The North Central Region remains the major source of U.S. slaughter hogs during the second half of the year. Prior to 1960 a large part of year-to-year variation in pig crop size was centered in the West North Central Region. However, subsequent variations in the spring pig crop have been more evenly distributed throughout all regions.

SPRING PIG CROP, BY REGIONS



1965 DATA BASED ON DEC. 1964 INTENTIONS AND ESTIMATED LITTER SIZE.

U. S. DEPARTMENT OF AGRICULTURE NEG. ERS 720-65 (1) ECONOMIC RESEARCH SERVICE

*IN THIS ISSUE*

**HOG OUTLOOK**

**CATTLE AND CALVES ON FEED**

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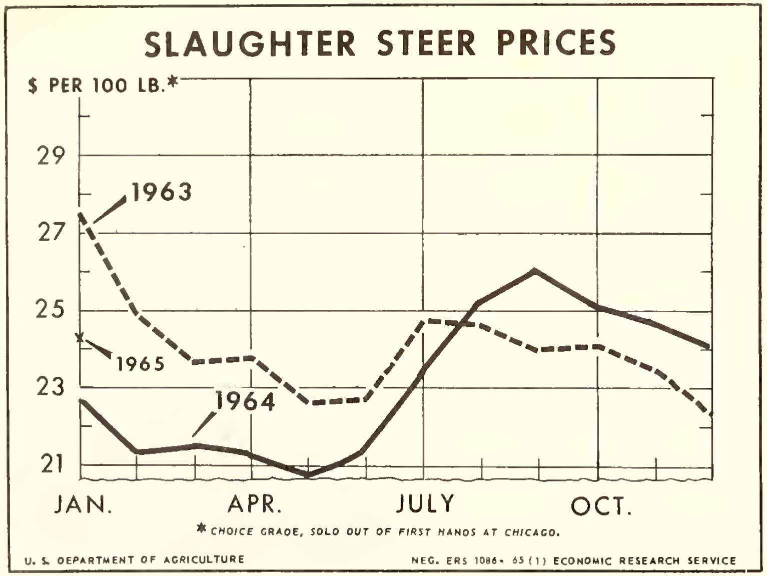

SLAUGHTER STEER PRICES

*CHOICE GRADE, SOLD OUT OF FIRST HANDS AT CHICAGO.

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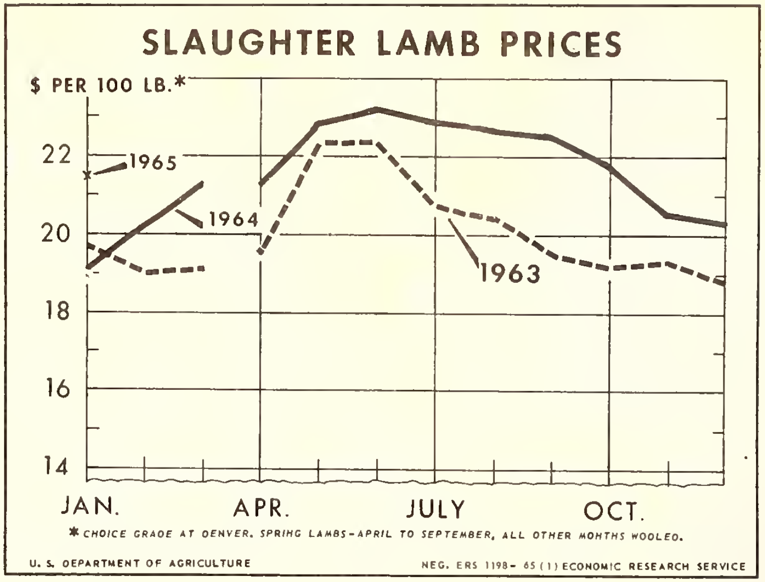

SLAUGHTER LAMB PRICES

*CHOICE GRADE AT DENVER. SPRING LAMBS-APRIL TO SEPTEMBER, ALL OTHER MONTHS WOOLED.

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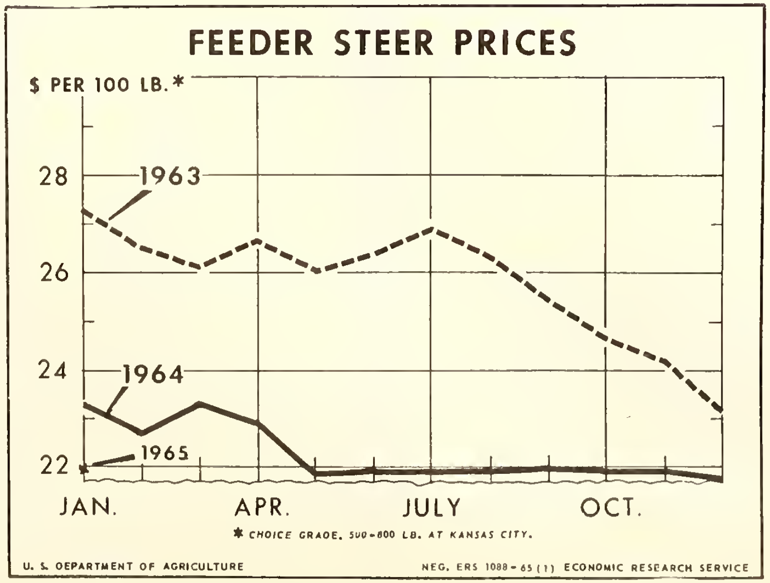
January is 2-week average.



FEEDER STEER PRICES

*CHOICE GRADE, 500-800 LB. AT KANSAS CITY.

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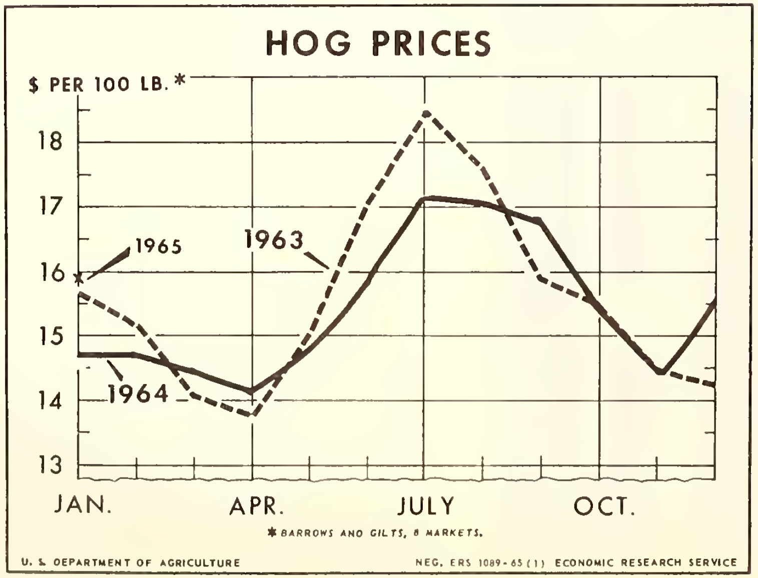

HOG PRICES

*BARROWS AND GILTS, 8 MARKETS.

U. S. DEPARTMENT OF AGRICULTURE NEG. ERS 1089- 65 (1) ECONOMIC RESEARCH SERVICE

# LIVESTOCK AND MEAT SITUATION

Approved by the Outlook and Situation Board, January 26, 1965

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## SUMMARY

The June-November 1964 pig crop, source of most slaughter supplies during the first half of 1965, was down 8 percent from a year earlier. Thus, hog slaughter this winter and spring is expected to be down 5 to 10 percent from a year earlier, and prices likely will average moderately above the January-June 1964 average of $14.78 per 100 pounds (barrows and gilts, 8 markets).

Farmers reported intentions as of December 1, to have 7 percent fewer sows farrow in the 1965 spring farrowing season than in 1964. This would result in the smallest December-May pig crop since 1937, and hog slaughter in the last half of the year would remain well below 1964 levels. The current level of hog prices, $16.15 (barrows and gilts at 8 markets)--about $1.40 above a year ago--and prospects for above year-earlier prices through spring may cause producers to have more sows farrow than intended on December 1. However, breeding stock is down and late spring farrowings are likely to be down at least moderately from those of 1964. Therefore, hog prices probably will average higher than a year earlier through most of the second half of the year.

Fed cattle marketings likely will continue large this winter and spring, although somewhat below early 1964 rates. There were 9.4 million cattle and calves on feed at the beginning of this year in 32 major feeding States, 1 percent more than on January 1, 1964. The number of cattle on feed in the heavyweight groups was down about 10 percent; and feeders reported plans to market 4 percent fewer animals than a year earlier. Therefore, fed cattle marketings in the first quarter of this year are likely to be smaller than a year earlier.

Fed cattle prices likely will strengthen a little from fourth quarter levels at most Corn Belt markets this winter and average well above the 1964 January-March average of $21.84. Prices in the spring may decline a little from those this winter, but also are expected to average well above the year-earlier average of $21.12. West Coast market prices probably will not show as much strength as Midwest market prices.

Feeder cattle prices have remained at the 1964 spring levels, despite a recovery in fed cattle prices that began about midyear 1964. Improvement in feeder cattle prices will depend on continued price strength in fed cattle markets and better grazing conditions.

Cow slaughter last year was the largest since 1957, because cattle producers generally returned to more normal culling practices after several years of herd building; also drought conditions in some areas resulted in additional cow slaughter last summer and fall. Cow slaughter is expected to run above 1964 levels in the first half of this year, although the increase over a year earlier probably will diminish toward the end of this period.

Cow prices are currently 50 cents to $1 below a year earlier at most markets. They are expected to rise seasonally this winter, but still average a little below last winter.

The number of sheep and lambs on feed January 1, 1965, was down 9 percent from last year's beginning inventory of 3.7 million head. This is the smallest number on feed January 1 since records were started in 1920.

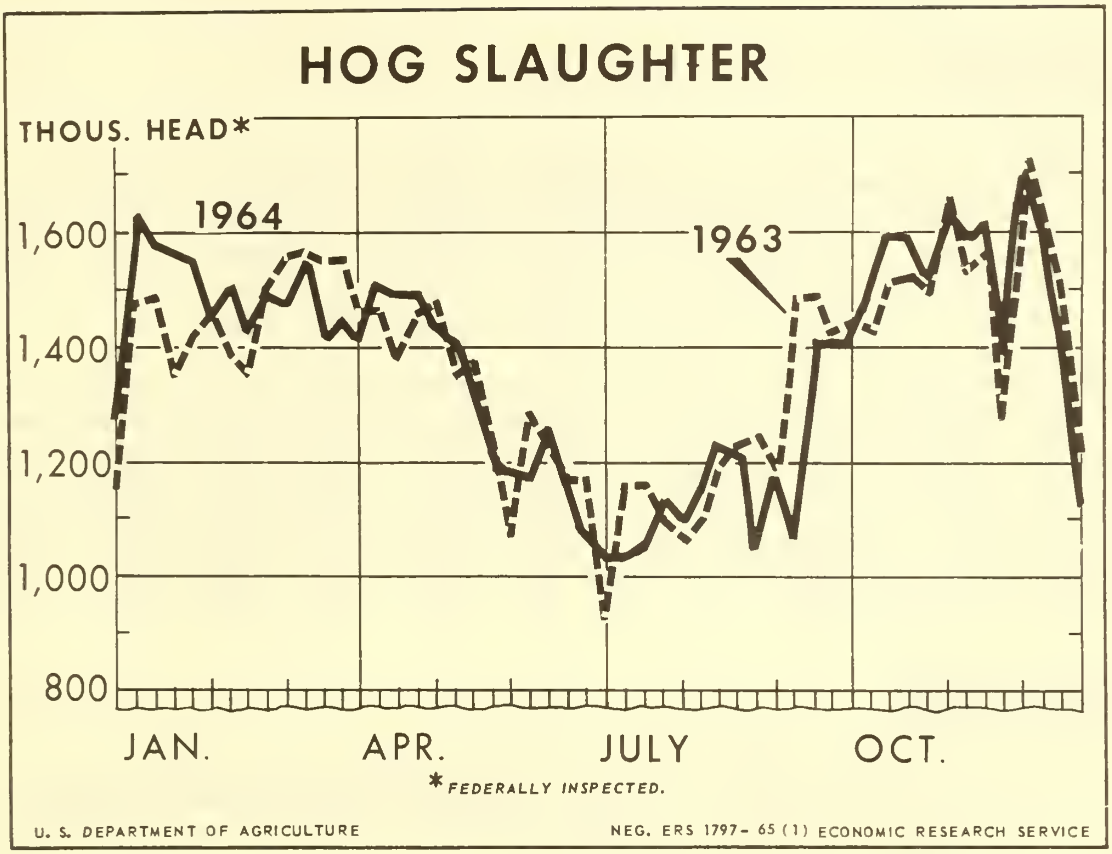
Sheep and lamb slaughter in the first quarter of this year is expected to be down substantially from a year ago. Lamb prices likely will respond to expected lower slaughter supplies and average moderately above 1964's January-March average of $20.20, Choice lambs, Denver. The expected smaller lamb crop in 1965 will make for smaller slaughter supplies through the rest of the year, and prices likely will continue higher than a year earlier.

## REVIEW AND OUTLOOK

### HOGS

Hog slaughter was down only slightly in 1964 and prices averaged about the same as in 1963--$15.31, barrows and gilts at 8 markets. Although slaughter through November was down about 1 percent from a year earlier, heavier marketing weights throughout the year resulted in a little more than a 1 percent increase in pork production.

Hog prices in 1964 followed the same seasonal pattern as in 1963, except prices did not dip as low in the spring or peak as high in the summer. Prices declined gradually from a high of $17.11 per hundredweight in July (barrows and gilts at 8 markets) to a low of $14.43 in November. Prices then increased



during December, reflecting smaller slaughter supplies. During the week of January 23, barrows and gilts averaged $16.15 at 8 markets, $1.36 above year-earlier levels.

Hog marketings likely will be smaller in 1965 and prices likely will average moderately higher than in 1964. Although feed prices this year probably will be up somewhat from 1964, hog producers should find 1965 a more profitable year.

## Annual Pig Crop Down 7 Percent in 1964

With decreases in the 1964 spring and fall pig crops of 6 and 8 percent, respectively, the number of pigs saved was 88.4 million--7 percent below the 95.0 million in 1963. As in 1963, the proportion of the annual pig crop produced in the fall was reduced slightly in 1964. This was in contrast to a previous long-term trend to more fall farrowings. If the pattern of the past

2 years continues, seasonal price variations will increase. Farrowings still are concentrated in March-April and August-September, but to a lesser degree than in earlier years.

## 1964 Fall Pig Crop Down 8 Percent

Hog producers reported in the December 1 Pig Crop Survey a total of 40.5 million pigs saved during June-November 1964. This was 8 percent fewer than a year earlier and the smallest June-November pig crop since 1957. This decrease resulted almost entirely from the farrowing of 8 percent fewer sows, since the number of pigs saved per litter was virtually the same as the record 7.23 pigs saved in the fall farrowing seasons of 1962 and 1963.

The South Central Region incurred the sharpest decline, 12 percent, while the North Atlantic Region had a 10 percent drop. Decreases in other regions were: East North Central, South Atlantic, and West, each down 9 percent, and West North Central, down 6 percent. These declines resulted in somewhat more concentration of hog production in the major corn-producing States than in the preceding 5 years. The North Central States accounted for 79 percent of the June-November pig crop in 1964 as compared to 78 percent in 1963 and an average of 77 percent during 1959-63.

## Little Change Likely in Market Weights

The average market weight of hogs remained substantially above year-earlier levels through the first 11 months of 1964. Hog weights declined in December in contrast to the usual seasonal pattern of heavier marketing weights, but were at the same level as a year earlier.

In 1964, the weight per hog at 8 markets averaged 234 pounds, 4 pounds above the 1963 average. This rise in average market weights resulted in further gains in an already large total meat supply and increased the price discounts for heavy hogs.

Market weights likely will continue near 1964 levels this winter. However, lower slaughter rates would tend to reduce the price discounts for heavy weights.

## 1965 Spring Pig Crop Down Substantially

In the December 1 Pig Crop Survey, producers reported intentions to have 6.2 million sows farrow during December 1964-May 1965. A 1965 spring pig crop of about 44.5 million head is in prospect. This would be 7 percent smaller than the 1964 crop and 13 percent below 1963, and the smallest spring pig crop since 1937.

Table 1 .--Average weight of barrows and gilts at 8 markets, and price spread by weights at Chicago, 1960 to date

| Month | Average live weight, 8 markets | | | | | Price spread 240-270 lb. from 200-220 lb. at Chicago | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1960 | 1961 | 1962 | 1963 | 1964 | 1960 | 1961 | 1962 | 1963 | 1964 |
| | lb. | lb. | lb. | lb. | lb. | Dol. | Dol. | Dol. | Dol. | Dol. |
| Jan. | 232 | 236 | 234 | 236 | 238 | -.63 | -.72 | -.56 | -.83 | -.89 |
| Feb. | 228 | 232 | 231 | 231 | 234 | -.34 | -.41 | -.60 | -.62 | -.89 |
| Mar. | 229 | 231 | 231 | 229 | 234 | -.23 | -.47 | -.61 | -.33 | -.89 |
| Apr. | 232 | 236 | 234 | 231 | 237 | -.36 | -.44 | -.65 | -.45 | -.86 |
| May | 234 | 238 | 235 | 233 | 239 | -.82 | -.88 | -.82 | -.54 | -.99 |
| June | 232 | 234 | 234 | 232 | 237 | -.67 | -.79 | -.84 | -.67 | -1.16 |
| July | 228 | 225 | 226 | 225 | 232 | -.58 | -.53 | -.69 | -.34 | -.64 |
| Aug. | 223 | 219 | 220 | 221 | 226 | -.20 | -.11 | -.25 | -.14 | -.49 |
| Sept. | 222 | 219 | 221 | 222 | 228 | .00 | .06 | -.20 | -.14 | -.30 |
| Oct. | 225 | 224 | 229 | 227 | 235 | -.09 | -.10 | -.39 | -.43 | -.75 |
| Nov. | 231 | 228 | 234 | 232 | 236 | -.31 | -.41 | -.73 | -.66 | -.96 |
| Dec. | 232 | 231 | 234 | 234 | 234 | -1.08 | -.63 | -1.03 | -1.07 | -.86 |
| Average | 229 | 230 | 231 | 230 | 234 | -.44 | -.46 | -.61 | -.51 | -.81 |

Compiled from data of Market News, Livestock Division, AMS.

The 7 percent planned reduction is considerably less than that indicated in the September report from 10 of the Corn Belt States. Producers in those States reported intentions on September 1 to have 13 percent fewer sows than a year earlier farrow during December-February, the first half of the spring season. Corn Belt producers on December 1 stated intentions to decrease the number of sows farrowing in December-February by only 6 percent and those farrowing in March-May by 7 percent. Producers in these States therefore had changed their intentions after September 1 by not cutting back farrowings as much as they had planned at that time, even though the hog-corn price ratio and hog prices were below year-earlier levels during October and November. However, producers evidently felt that the anticipated higher hog prices in 1965 improved the outlook for hog production despite higher feed grain prices.

Table 2.--Number of sows farrowing, pigs saved and pigs saved per litter, spring and fall pig crops, by regions, 1959 to date

DECEMBER-MAY

| Year | North Atlantic | North Central | | South Atlantic | South Central | Western | United States |
|---|---|---|---|---|---|---|---|
| | | East | West | | | | |
| | 1,000 head | 1,000 head | 1,000 head | 1,000 head | 1,000 head | 1,000 head | 1,000 head |
| Sows farrowing: | | | | | | | |
| 1959 | 110 | 2,335 | 3,881 | 659 | 843 | 168 | 7,996 |
| 1960 | 110 | 2,095 | 3,174 | 549 | 722 | 140 | 6,790 |
| 1961 | 102 | 2,146 | 3,427 | 512 | 701 | 141 | 7,029 |
| 1962 | 98 | 2,148 | 3,421 | 511 | 689 | 151 | 7,018 |
| 1963 | 99 | 2,191 | 3,504 | 523 | 662 | 158 | 7,127 |
| 1964 1/ | 83 | 2,054 | 3,308 | 467 | 564 | 147 | 6,623 |
| 1965 2/ | 74 | 1,918 | 3,084 | 437 | 515 | 129 | 6,157 |
| Pigs saved: | | | | | | | |
| 1959 | 764 | 16,593 | 27,759 | 4,554 | 5,783 | 1,167 | 56,620 |
| 1960 | 757 | 14,640 | 22,401 | 3,742 | 4,787 | 955 | 47,282 |
| 1961 | 698 | 15,451 | 24,876 | 3,576 | 4,829 | 1,011 | 50,441 |
| 1962 | 683 | 15,170 | 24,334 | 3,625 | 4,807 | 1,073 | 49,692 |
| 1963 | 682 | 15,614 | 25,309 | 3,638 | 4,570 | 1,117 | 50,930 |
| 1964 1/ | 566 | 14,797 | 24,112 | 3,382 | 3,967 | 1,046 | 47,840 |
| 1965 | | | | | | | 2/44,500 |
| Pigs saved per litter: | Number | Number | Number | Number | Number | Number | Number |
| 1959 | 6.92 | 7.11 | 7.15 | 6.91 | 6.86 | 6.94 | 7.08 |
| 1960 | 6.86 | 7.00 | 7.06 | 6.82 | 6.63 | 6.82 | 6.96 |
| 1961 | 6.86 | 7.20 | 7.26 | 6.98 | 6.89 | 7.12 | 7.18 |
| 1962 | 6.98 | 7.06 | 7.11 | 7.08 | 6.98 | 7.11 | 7.08 |
| 1963 | 6.90 | 7.13 | 7.22 | 7.09 | 6.90 | 7.13 | 7.15 |
| 1964 1/ | 6.82 | 7.20 | 7.29 | 7.24 | 7.03 | 7.12 | 7.23 |
| 1965 | | | | | | | 2/7.22 |

JUNE-NOVEMBER

| Year | North Atlantic | North Central | | South Atlantic | South Central | Western | United States |
|---|---|---|---|---|---|---|---|
| | | East | West | | | | |
| | 1,000 head | 1,000 head | 1,000 head | 1,000 head | 1,000 head | 1,000 head | 1,000 head |
| Sows farrowing: | | | | | | | |
| 1959 | 103 | 2,028 | 2,553 | 530 | 768 | 146 | 6,128 |
| 1960 | 94 | 1,945 | 2,499 | 474 | 704 | 139 | 5,855 |
| 1961 | 87 | 1,992 | 2,589 | 464 | 687 | 134 | 5,953 |
| 1962 | 89 | 2,077 | 2,709 | 475 | 682 | 133 | 6,165 |
| 1963 | 85 | 2,059 | 2,705 | 458 | 646 | 133 | 6,086 |
| 1964 1/ | 77 | 1,874 | 2,545 | 415 | 571 | 119 | 5,601 |
| Pigs saved: | | | | | | | |
| 1959 | 715 | 14,306 | 17,845 | 3,649 | 5,245 | 1,015 | 42,775 |
| 1960 | 648 | 13,854 | 17,482 | 3,286 | 4,857 | 978 | 41,105 |
| 1961 | 606 | 14,442 | 18,510 | 3,275 | 4,818 | 943 | 42,594 |
| 1962 | 626 | 15,169 | 19,570 | 3,382 | 4,852 | 945 | 44,544 |
| 1963 | 608 | 15,012 | 19,537 | 3,287 | 4,628 | 950 | 44,022 |
| 1964 | 548 | 13,587 | 18,340 | 2,995 | 4,076 | 867 | 40,413 |
| Pigs saved per litter: | Number | Number | Number | Number | Number | Number | Number |
| 1959 | 6.90 | 7.05 | 6.99 | 6.89 | 6.83 | 7.02 | 6.98 |
| 1960 | 6.86 | 7.12 | 7.00 | 6.94 | 6.90 | 7.03 | 7.02 |
| 1961 | 6.97 | 7.25 | 7.15 | 7.05 | 7.01 | 7.06 | 7.16 |
| 1962 | 7.09 | 7.30 | 7.22 | 7.12 | 7.11 | 7.16 | 7.23 |
| 1963 | 7.17 | 7.29 | 7.22 | 7.18 | 7.16 | 7.13 | 7.23 |
| 1964 1/ | 7.12 | 7.25 | 7.22 | 7.22 | 7.14 | 7.29 | 7.22 |

---

1/ Preliminary. 2/ Number indicated to farrow from intentions as of December 1, 1964. Average number of pigs per litter with allowance for trend used to calculate indicated number of pigs saved.

Table 3.--Number of sows farrowing and percentage distribution by months, spring and fall seasons, United States, 1958 to date 1/

December-May farrowings

| Year | Dec. | Jan. | Feb. | Mar. | Apr. | May | Total |
|---|---|---|---|---|---|---|---|
| | 1,000 head | 1,000 head | 1,000 head | 1,000 head | 1,000 head | 1,000 head | 1,000 head |
| 1958 | 410 | 790 | 1,480 | 1,869 | 1,706 | 1,026 | 7,281 |
| 1959 | 539 | 985 | 1,529 | 2,048 | 1,853 | 1,042 | 7,996 |
| 1960 | 495 | 761 | 1,255 | 1,710 | 1,606 | 963 | 6,790 |
| 1961 | 506 | 776 | 1,247 | 1,707 | 1,746 | 1,047 | 7,029 |
| 1962 | 494 | 825 | 1,268 | 1,747 | 1,657 | 1,032 | 7,023 |
| 1963 | 567 | 862 | 1,179 | 1,664 | 1,776 | 1,084 | 7,132 |
| 1964 | 542 | 795 | 1,053 | 1,561 | 1,610 | 1,068 | 6,629 |

Percentage distribution of December-May farrowings

| Year | Dec. | Jan. | Feb. | Mar. | Apr. | May | Total |
|---|---|---|---|---|---|---|---|
| | Percent | Percent | Percent | Percent | Percent | Percent | Percent |
| 1958 | 5.6 | 10.9 | 20.3 | 25.7 | 23.4 | 14.1 | 100.0 |
| 1959 | 6.8 | 12.3 | 19.1 | 25.6 | 23.2 | 13.0 | 100.0 |
| 1960 | 7.3 | 11.2 | 18.5 | 25.2 | 23.6 | 14.2 | 100.0 |
| 1961 | 7.2 | 11.0 | 17.8 | 24.3 | 24.8 | 14.9 | 100.0 |
| 1962 | 7.0 | 11.7 | 18.1 | 24.9 | 23.6 | 14.7 | 100.0 |
| 1963 | 8.0 | 12.1 | 16.5 | 23.3 | 24.9 | 15.2 | 100.0 |
| 1964 | 8.2 | 12.0 | 15.9 | 23.5 | 24.3 | 16.1 | 100.0 |

June-November farrowings

| Year | June | July | Aug. | Sept. | Oct. | Nov. | Total |
|---|---|---|---|---|---|---|---|
| | 1,000 head | 1,000 head | 1,000 head | 1,000 head | 1,000 head | 1,000 head | 1,000 head |
| 1958 | 829 | 912 | 1,400 | 1,504 | 820 | 422 | 5,887 |
| 1959 | 954 | 978 | 1,414 | 1,559 | 808 | 415 | 6,128 |
| 1960 | 877 | 875 | 1,290 | 1,505 | 865 | 443 | 5,855 |
| 1961 | 944 | 899 | 1,256 | 1,483 | 903 | 468 | 5,953 |
| 1962 | 940 | 904 | 1,333 | 1,581 | 923 | 489 | 6,170 |
| 1963 | 985 | 960 | 1,237 | 1,514 | 925 | 470 | 6,091 |
| 1964 | 971 | 875 | 1,102 | 1,395 | 823 | 441 | 5,607 |

Percentage distribution of June-November farrowings

| Year | June | July | Aug. | Sept. | Oct. | Nov. | Total |
|---|---|---|---|---|---|---|---|
| | Percent | Percent | Percent | Percent | Percent | Percent | Percent |
| 1958 | 14.1 | 15.5 | 23.8 | 25.5 | 13.9 | 7.2 | 100.0 |
| 1959 | 15.5 | 16.0 | 23.1 | 25.4 | 13.2 | 6.8 | 100.0 |
| 1960 | 15.0 | 14.9 | 22.0 | 25.7 | 14.8 | 7.6 | 100.0 |
| 1961 | 15.9 | 15.1 | 21.1 | 24.9 | 15.2 | 7.8 | 100.0 |
| 1962 | 15.2 | 14.7 | 21.6 | 25.6 | 15.0 | 7.9 | 100.0 |
| 1963 | 16.2 | 15.8 | 20.3 | 24.8 | 15.2 | 7.7 | 100.0 |
| 1964 | 17.3 | 15.6 | 19.6 | 24.9 | 14.7 | 7.9 | 100.0 |

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1/ Includes Alaska and Hawaii beginning 1962.

Table 4.--Prices received by farmers for hogs and corn, hog-corn price ratio and corn support prices, Sept.-Dec., 1956 to date

| Year | Hog price, per 100 pounds | | | | Corn price, per bushel | | | |
|---|---|---|---|---|---|---|---|---|
| | Sept. | Oct. | Nov. | Dec. | Sept. | Oct. | Nov. | Dec. |
| | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. |
| 1956 | 15.70 | 15.50 | 14.30 | 16.20 | 1.43 | 1.19 | 1.21 | 1.22 |
| 1957 | 19.10 | 17.00 | 16.60 | 17.80 | 1.15 | 1.06 | .985 | .984 |
| 1958 | 19.90 | 18.50 | 17.90 | 17.50 | 1.13 | 1.04 | .942 | 1.02 |
| 1959 | 13.30 | 12.60 | 12.10 | 11.30 | 1.09 | .990 | .982 | .959 |
| 1960 | 15.70 | 16.70 | 16.60 | 16.50 | 1.06 | .991 | .866 | .911 |
| 1961 | 17.50 | 16.60 | 15.70 | 16.10 | 1.04 | 1.02 | .938 | .947 |
| 1962 | 18.10 | 16.60 | 16.20 | 15.70 | 1.04 | 1.02 | .938 | 1.00 |
| 1963 | 15.50 | 15.20 | 14.20 | 13.60 | 1.21 | 1.08 | 1.02 | 1.07 |
| 1964 | 16.20 | 15.10 | 13.90 | 14.70 | 1.17 | 1.10 | 1.04 | 1.14 |

| Year | Hog-corn price ratio | | | | Corn support price per bushel 1/ | |
|---|---|---|---|---|---|---|
| | Sept. | Oct. | Nov. | Dec. | For compilers | For non-compilers |
| | | | | | Dol. | Dol. |
| 1956 | 11.0 | 13.0 | 11.8 | 13.3 | 1.50 | 1.25 |
| 1957 | 16.6 | 16.0 | 16.9 | 18.1 | 1.40 | 1.10 |
| 1958 | 17.6 | 17.8 | 19.0 | 17.2 | 1.36 | 1.06 |
| 1959 | 12.2 | 12.7 | 12.3 | 11.8 | 1.12 | |
| 1960 | 14.8 | 16.9 | 19.2 | 18.1 | 1.06 | |
| 1961 | 16.8 | 16.3 | 16.7 | 17.0 | 1.20 | |
| 1962 | 17.4 | 16.3 | 17.3 | 15.7 | 1.20 | |
| 1963 | 12.7 | 14.1 | 13.9 | 12.6 | 2/1.25 | |
| 1964 | 13.8 | 13.7 | 13.4 | 12.9 | 3/1.25 | |

1/ National average support prices for farmers complying or not complying with their acreage allotments. Beginning in 1961 available to producers participating in the Feed Grain Program. 2/ 1963 price support includes a loan of $1.07 and a price support payment of $0.18 per bushel. 3/ 1964 price support includes a loan of $1.10 and a price support payment of $0.15 per bushel.

## Sharpest Declines in Western and North Atlantic States

Producers in all regions plan to reduce 1965 spring farrowings. The sharpest reductions are planned in the Western and North Atlantic Regions, down 12 and 11 percent. The East and West North Central States planned reductions of 7 percent. However, if litters are of average size, the North Central States will account for 82 percent of the Nation's spring pigs this year compared to 81 percent in 1964.

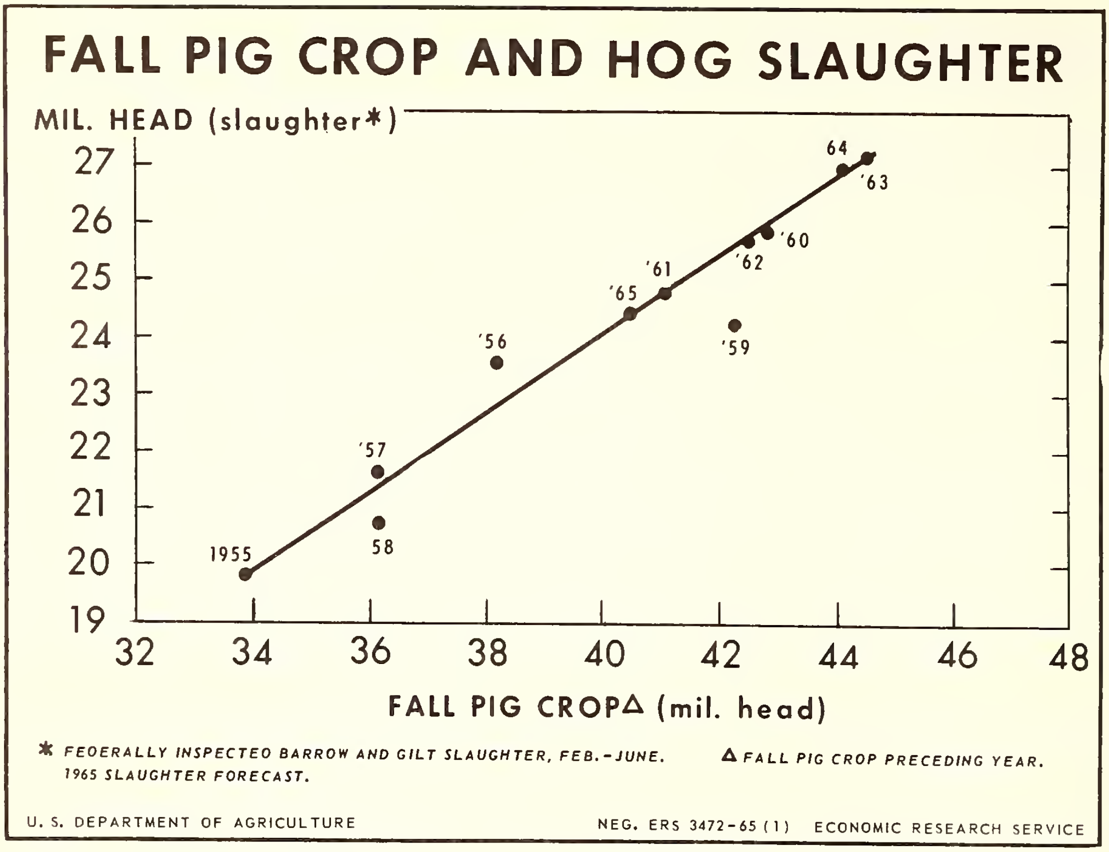
Farmers' intentions are subject to change, since any sows bred during December and January will farrow before June 1. Higher hog prices during December-January will tend to encourage increased farrowings later in the year. Based on the relationship between the number of breeding animals on farms and farrowing plans, producers in the South Atlantic and North Central Regions could farrow more sows this spring than they intended on December 1. However, with the number of breeding hogs on U. S. farms in the United States down 8 percent on December 1 from the year before, substantial change probably could not be made much before the end of 1965. Any expansion in the number of sows farrowing would mean that sizable numbers of gilts would have to be held back for additions to the breeding herd.

## Lower Slaughter Supplies in First Half of 1965

The June-November 1964 pig crop, which will supply the bulk of slaughter supplies in the first half of 1965, was down 8 percent from a year earlier. Thus, hog slaughter this winter and spring likely will be down 5-10 percent from these months a year earlier and prices likely will average at least moderately above the January-June 1964 average of $14.78 (barrows and gilts, 8 markets).

June-July farrowings were down 5 percent from a year earlier, with more of the reduction in July. Both August-September and October-November farrowings were down 9 percent. If a 7-month lag is applied from the time pigs are born until they reach market weights, the June-November farrowing pattern indicates that slaughter rates--which have been below year-earlier rates since mid-December--likely will average 5-10 percent below 1964 rates through mid-1965. This is also indicated by the December 1 weight groupings of hogs and pigs on farms--data now included in the Pig Crop Survey. Numbers of hogs weighing over 220 pounds were down 6 percent from a year earlier, while hogs in weight groups of 180-220 and 120-180 pounds were down 7 percent. Pigs in the 60-120 pound weight group were down 6 percent and those under 60 pounds were down 11 percent.

January-March slaughter rates probably will average 6-8 percent below year-earlier levels, assuming average weight gains. Slaughter rates may increase slightly from winter to early spring, but then should fall off sharply as hogs in the 60-pounds-and-under weight group December 1 begin coming to market.


FALL PIG CROP AND HOG SLAUGHTER

* FEDERALLY INSPECTED BARROW AND GILT SLAUGHTER, FEB.-JUNE. 1965 SLAUGHTER FORECAST.

△ FALL PIG CROP PRECEDING YEAR.

U. S. DEPARTMENT OF AGRICULTURE NEG. ERS 3472-65 (1) ECONOMIC RESEARCH SERVICE

Hog prices during the first quarter of 1965 likely will average moderately above the January-March 1964 average of $14.60. Early spring prices probably will show a slight seasonal weakness but remain above year-earlier levels as pigs from the large farrowings of last August and September are marketed. However, prices likely will show renewed strength during May and June and go to a substantially higher peak this summer than last year, when they averaged $17.11 in July.

## Summer-Fall Slaughter to be Below 1964

The likelihood of decreased farrowings throughout the December 1964-May 1965 period indicates that hog slaughter probably will stay below 1964 levels next summer and fall. Hog prices are currently about $1.40 above those of a year earlier. These higher prices and a better hog price outlook for producers through this winter and spring probably will encourage some expansion in farrowings as shown by the gains since September in December-February farrowing intentions. If expansion occurs, spring marketings will be reduced further, since gilts would be withheld from slaughter for breeding. However, somewhat higher corn prices than last year probably will tend to temper any increase in farrowings.

If an expansion does get underway this year, it would not be reflected in slaughter supplies until late this year or early in 1966. If intentions for spring farrowings materialize, primarily those for March-May pigs, hog prices likely will follow the usual seasonal pattern next summer and fall, but should average moderately higher than in 1964. However, if the March-May reduction turns out appreciably less than the intended 7 percent cutback reported on December 1, hog prices next fall likely will be only slightly higher than this past fall.

Cold storage holdings of pork totaled 290 million pounds on January 1, up 5 percent from a year earlier and 36 percent above the 1958-62 average. However, this increase likely will have only a slight price-depressing effect this summer, since additions to holdings during the first part of the year should be down from last year as a result of reduced slaughter.

## CATTLE

A year ago, fed cattle prices were sliding. Live weights were excessive and fed beef production was substantially above year-earlier levels. This year, however, prices are higher, live weights are lower, and fed beef production is expected to fall below year-earlier levels this winter.

Cattle slaughter last year was up about 12 percent from 1963. All classes of cattle showed gains. The number of cattle marketed out of feedlots in 1964 was up 10 percent, and the number of nonfed steers and heifers probably was up at least as much. Cow slaughter increased substantially in the second half of 1964.

The large increase in cow slaughter resulted primarily from cattlemen's response to lower calf prices and dry weather in some sections of the country. Cow-calf men returned to more normal culling levels when feeder cattle prices dropped to the lowest levels since 1957. As dry conditions developed in some areas, further culling was done to balance the number of cows on hand with available feed supplies.

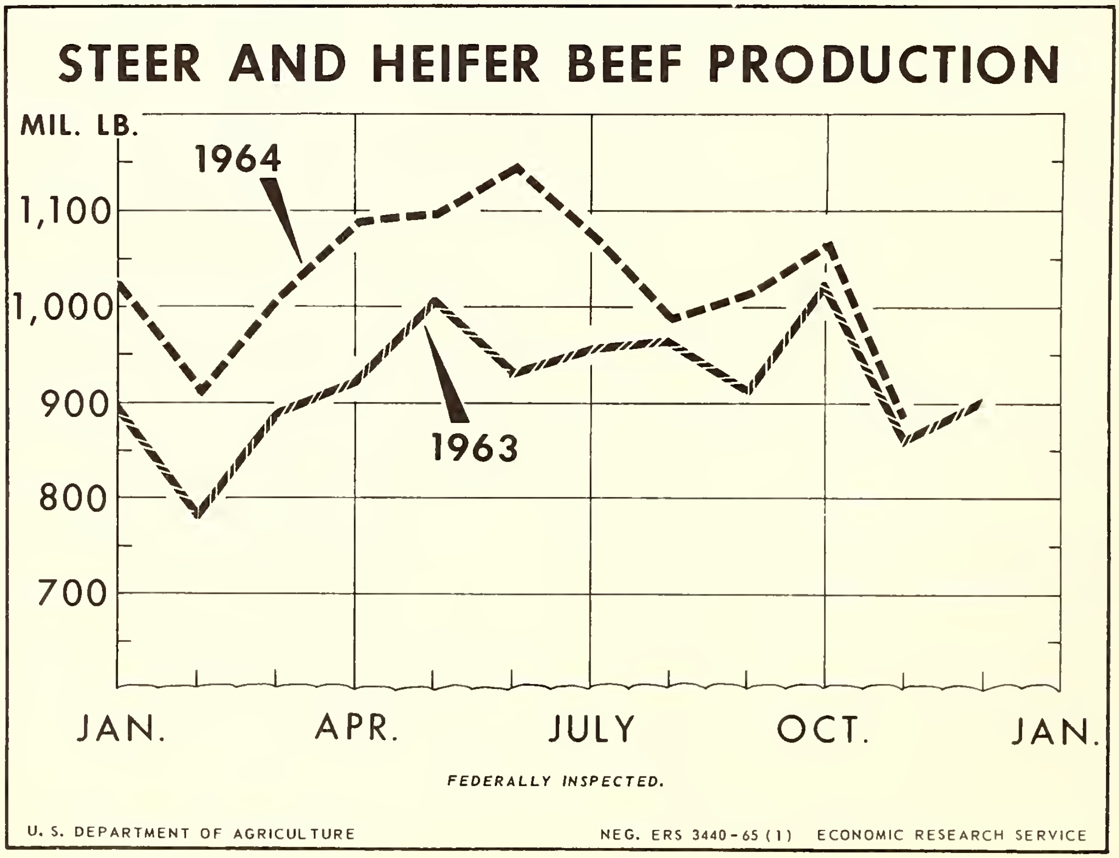
Fed cattle prices dropped to a 7-year low in May, but recovered somewhat about midyear when fed cattle market weights declined and the impact of USDA's buying of Choice beef for schools, institutions and needy persons was felt. Cattle prices into the fall remained higher than in the first half, although they declined a little from summer levels. Fed cattle prices thus far in 1965 have held close to the fourth quarter 1964 average of $24.57.

### Fed Cattle Marketings to Continue Large, But Below a Year Earlier

Fed cattle marketings likely will continue large this winter and spring but slightly below the record levels of 1964. Lighter marketing weights than a year earlier will probably lower the supply of fed beef more than the expected decline in number marketed. Fed cattle marketed this winter likely will show reasonable returns to cattle feeders, in contrast to the losses early in 1964.

Table 5.—Steer and heifer beef production under Federal inspection, United States and North Central Region, by month, 1963-64

| Month | Steer beef production | | | | Heifer beef production | | | |
|---|---|---|---|---|---|---|---|---|
| | United States | | North Central Region | | United States | | North Central Region | |
| | 1963 | 1964 | 1963 | 1964 | 1963 | 1964 | 1963 | 1964 |
| | Mil. lb. | Mil. lb. | Mil. lb. | Mil. lb. | Mil. lb. | Mil. lb. | Mil. lb. | Mil. lb. |
| January | 678 | 774 | 412 | 465 | 214 | 249 | 130 | 167 |
| February | 591 | 701 | 362 | 434 | 196 | 210 | 118 | 139 |
| March | 662 | 768 | 393 | 470 | 222 | 234 | 132 | 153 |
| April | 710 | 840 | 429 | 518 | 214 | 242 | 127 | 160 |
| May | 782 | 888 | 464 | 561 | 227 | 211 | 134 | 138 |
| June | 733 | 910 | 431 | 576 | 199 | 235 | 122 | 159 |
| July | 730 | 858 | 432 | 538 | 221 | 220 | 136 | 147 |
| August | 737 | 766 | 447 | 465 | 230 | 229 | 137 | 149 |
| September | 689 | 757 | 416 | 450 | 228 | 259 | 143 | 170 |
| October | 748 | 782 | 437 | 469 | 279 | 280 | 175 | 190 |
| November | 632 | 696 | 368 | 420 | 233 | 238 | 149 | 164 |
| December | 660 | | 397 | | 242 | | 156 | |


STEER AND HEIFER BEEF PRODUCTION

FEDERALLY INSPECTED.

U. S. DEPARTMENT OF AGRICULTURE NEG. ERS 3440-65 (1) ECONOMIC RESEARCH SERVICE

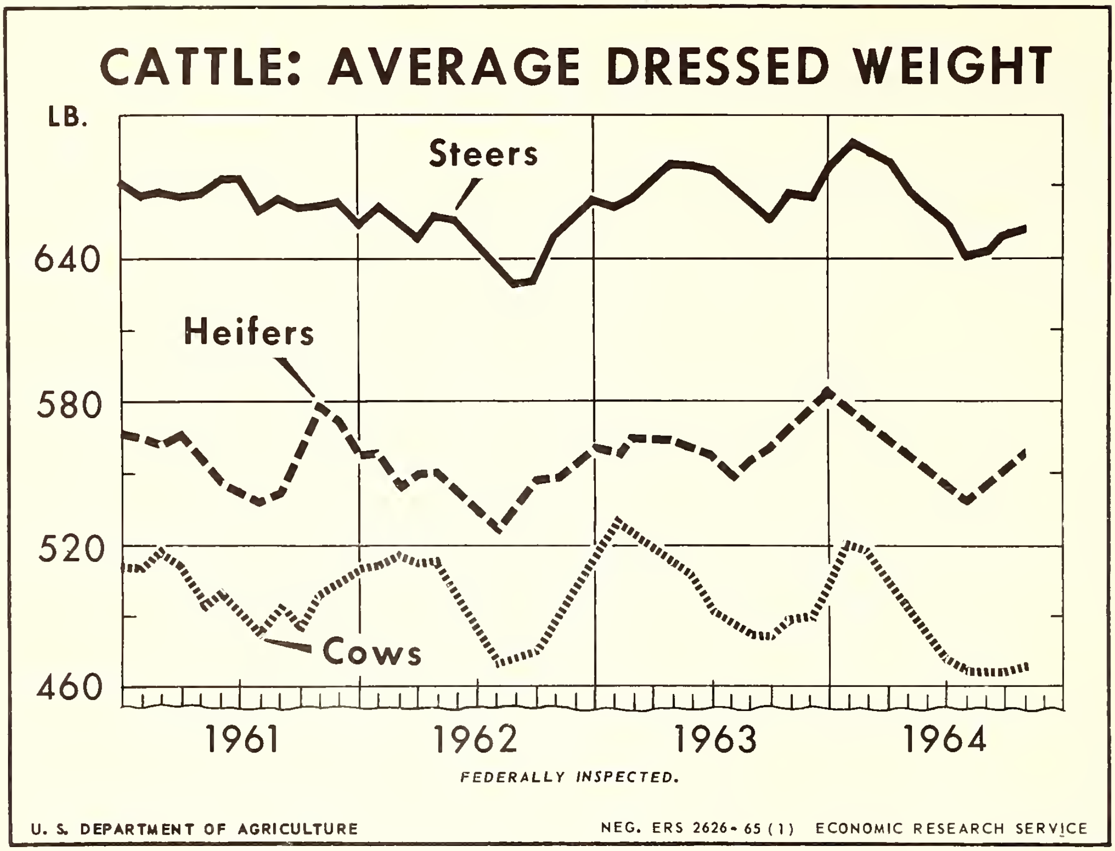
A reduction from a year earlier in the number of cattle and calves marketed out of feedlots is in prospect during the winter months. There were 9.4 million cattle and calves on feed on January 1 in 32 major feeding States, 1 percent above a year earlier. Cattle feeders reported intentions to market 4 percent fewer animals during January-March than they did in these months of 1964. Also, the number of cattle weighing over 900 pounds was down 10 percent from a year earlier. However, those weighing from 700 to 900 pounds were up 4 percent. More of these cattle will go to slaughter in the first quarter than in these months of 1964 because cattle likely will go to market at lighter weight.

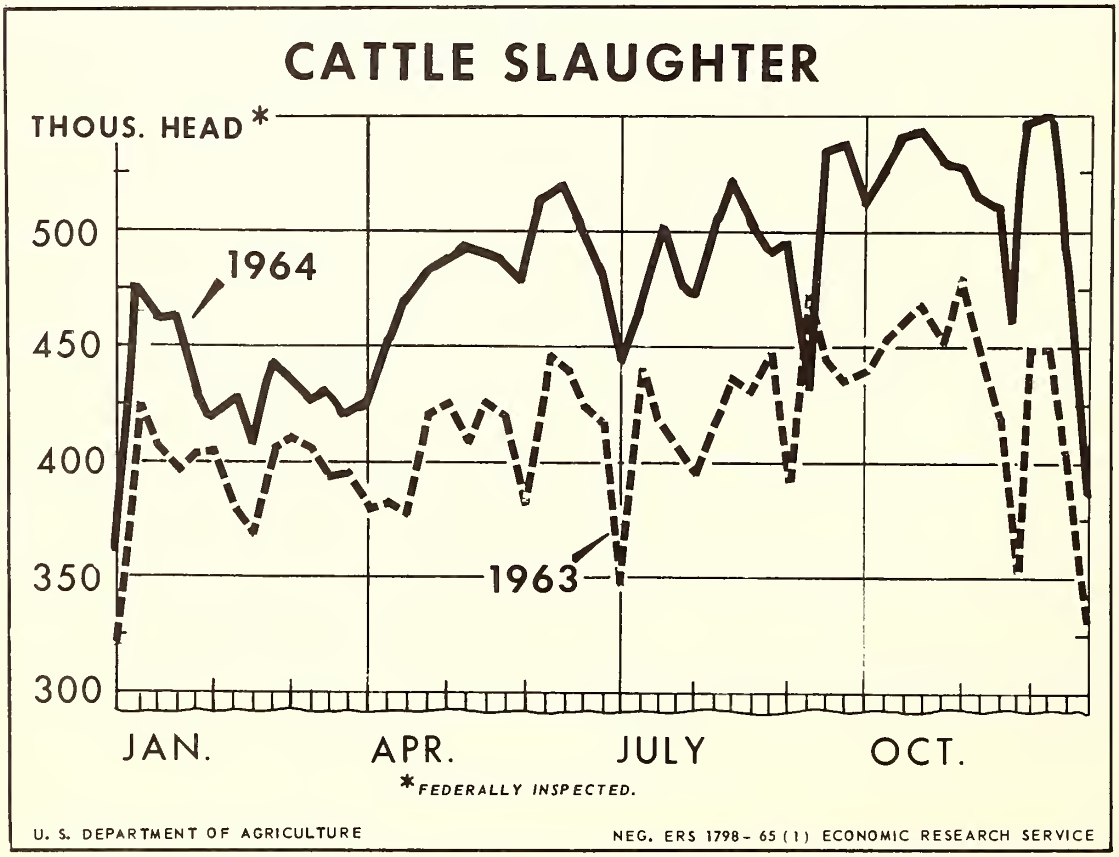
Last year, the number of cattle in feedlots at the beginning of a quarter was not a very reliable indicator of the number to be marketed during the same quarter. Cattle last year were moved out of feedlots after much shorter feeding periods than usual, especially after the winter months. For example, the number of cattle and calves on feed in 1964 was up 1 percent from a year earlier on January 1, up 4 percent on April 1, down 1 percent on July 1, and about the same on October 1. However, marketings out of feedlots were up 11 percent in each of the first 2 quarters of 1964, up 10 percent in the third quarter, and up 5 percent in the fourth quarter.

Slaughter weights dropped below year-earlier levels in May 1964 and have stayed below since then--another indication of last year's shift toward shorter feeding programs. Back in 1962, fed cattle went to market at unusually light weights when Choice steers at Chicago averaged $27.67. However, prices fell sharply in 1963 and cattle feeders, hesitant to sell on a declining market, began lengthening their feeding programs and marketed cattle at much heavier weights. This added to the already large supply of fed beef and put additional pressure on cattle prices. Fed cattle weights remained heavy until last spring.

Last year, cattle feeders directed their feeding operations toward a spring market. Large numbers of heavy feeder cattle--the kind that reach the desired finish after 3 to 4 months of feeding--were moved into feedlots last winter. Fed cattle prices declined to a 7-year low in May; it was at this point that cattle feeders stopped feeding to excessive weights. From about May 1964, feeders seemed somewhat reluctant to begin long-term (6 months to a year) feeding programs. This interrupted the trend of recent years toward putting younger cattle into feedlots and putting on a greater portion of the slaughter weight with grain concentrates.

The shift to a shorter feeding program in early 1964 without cutting down on fed cattle marketings was possible because of a large supply of yearling and 2-year-old steers. This year, there probably are not as many of these older, larger feeder animals. Cattle placed on feed this winter and spring will probably be of lighter average weights and therefore require a longer time on feed than a year earlier, even though average slaughter weights are lower. Thus, the trend toward placing a larger proportion of weight on cattle in feedlots apparently will be resumed.


CATTLE: AVERAGE DRESSED WEIGHT
LB.
640
580
520
460
Steers
Heifers
Cows
1961
1962
1963
1964
FEDERALLY INSPECTED.
U. S. DEPARTMENT OF AGRICULTURE
NEG. ERS 2626-65 (1) ECONOMIC RESEARCH SERVICE


CATTLE SLAUGHTER
THOUS. HEAD *
500
450
400
350
300
1964
1963
JAN.
APR.
JULY
OCT.
* FEDERALLY INSPECTED.
U. S. DEPARTMENT OF AGRICULTURE
NEG. ERS 1798-65 (1) ECONOMIC RESEARCH SERVICE

### Table 6.--Number of cattle slaughtered under Federal inspection by class, and percent each class is of total, U. S., by months, 1963-64

| Month | Steers |  |  |  | Heifers |  |  |  | Cows |  |  |  |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
|  | Number |  | Percentage |  | Number |  | Percentage |  | Number |  | Percentage |  |
|  | 1963 | 1964 | 1963 | 1964 | 1963 | 1964 | 1963 | 1964 | 1963 | 1964 | 1963 | 1964 |
|  | 1,000 head | 1,000 head | Pct. | Pct. | 1,000 head | 1,000 head | Pct. | Pct. | 1,000 head | 1,000 head | Pct. | Pct. |
| Jan. | 1,021 | 1,147 | 56.9 | 57.0 | 382 | 427 | 21.3 | 21.2 | 373 | 421 | 20.8 | 20.9 |
| Feb. | 891 | 1,023 | 57.2 | 59.8 | 351 | 364 | 22.5 | 21.3 | 302 | 308 | 19.4 | 18.0 |
| Mar. | 995 | 1,128 | 58.7 | 60.1 | 393 | 409 | 23.2 | 21.8 | 291 | 323 | 17.2 | 17.2 |
| Apr. | 1,049 | 1,241 | 60.7 | 60.7 | 378 | 428 | 21.9 | 20.9 | 283 | 354 | 16.4 | 17.3 |
| May | 1,155 | 1,327 | 61.6 | 64.1 | 401 | 379 | 21.4 | 18.3 | 300 | 341 | 16.0 | 16.5 |
| June | 1,083 | 1,373 | 61.8 | 62.2 | 354 | 424 | 20.2 | 19.2 | 298 | 386 | 17.0 | 17.5 |
| July | 1,079 | 1,306 | 58.7 | 60.4 | 395 | 406 | 21.5 | 18.8 | 345 | 426 | 18.8 | 19.7 |
| Aug. | 1,106 | 1,198 | 58.2 | 56.4 | 418 | 425 | 22.0 | 20.0 | 359 | 474 | 18.9 | 22.3 |
| Sept. | 1,039 | 1,179 | 56.8 | 53.6 | 411 | 475 | 22.5 | 21.6 | 364 | 517 | 19.9 | 23.5 |
| Oct. | 1,138 | 1,205 | 54.4 | 51.1 | 498 | 507 | 23.8 | 21.5 | 437 | 616 | 20.9 | 26.1 |
| Nov. | 948 | 1,068 | 52.9 | 50.6 | 407 | 427 | 22.7 | 20.2 | 421 | 589 | 23.5 | 27.9 |
| Dec. | 992 |  | 54.9 |  | 418 |  | 23.1 |  | 381 |  | 21.1 |  |
| Total | 12,496 |  | 57.7 |  | 4,807 |  | 22.2 |  | 4,157 |  | 19.2 |  |

### Table 7.--Average dressed weight of cattle slaughtered under Federal inspection, by class, United States by months, 1962-64

| Month | Steers |  |  | Heifers |  |  | Cows |  |  |
|---|---|---|---|---|---|---|---|---|---|
|  | 1962 | 1963 | 1964 | 1962 | 1963 | 1964 | 1962 | 1963 | 1964 |
|  | Lb. | Lb. | Lb. | Lb. | Lb. | Lb. | Lb. | Lb. | Lb. |
| January | 654 | 664 | 675 | 557 | 561 | 584 | 509 | 516 | 506 |
| February | 660 | 663 | 686 | 558 | 558 | 578 | 510 | 528 | 520 |
| March | 653 | 666 | 681 | 548 | 565 | 572 | 517 | 527 | 519 |
| April | 650 | 677 | 677 | 550 | 565 | 565 | 514 | 518 | 508 |
| May | 658 | 677 | 669 | 550 | 565 | 558 | 514 | 512 | 496 |
| June | 657 | 676 | 663 | 546 | 561 | 554 | 499 | 508 | 476 |
| July | 646 | 676 | 657 | 532 | 560 | 542 | 487 | 494 | 466 |
| August | 639 | 667 | 640 | 527 | 550 | 539 | 483 | 488 | 463 |
| September | 628 | 663 | 642 | 534 | 555 | 545 | 478 | 482 | 462 |
| October | 633 | 657 | 649 | 549 | 561 | 552 | 483 | 482 | 462 |
| November | 650 | 667 | 652 | 549 | 573 | 558 | 489 | 486 | 468 |
| December | 657 | 665 |  | 555 | 579 |  | 499 | 490 |  |
| Average 1/ | 649 | 668 |  | 546 | 563 |  | 497 | 501 |  |

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1/ Computed from unrounded numbers.

Placements this winter likely will again be large, but they probably will not top the 3.5 million head placed on feed in the first quarter of 1964, up 22 percent from a year earlier. Many feeder cattle shipped into the Corn Belt in the fall of 1963 were not placed on feed until after January 1, 1964. Weather conditions permitted extended cleanup operations in the Midwest and cattle feeders kept cattle on stalk fields until weather conditions worsened. The total supply of feeder cattle is still large although the number of older steers likely is down from a year earlier. More attractive feeding margins this year will encourage cattle feeders to keep their feeding operations at a high level.

Spring weather conditions will influence the number of April-June placements. A wet spring and good grazing conditions likely would result in better demand for range cattle and tend to restrict the number of feeder cattle available for spring and summer placement. In this event, cow-calf operators would have more grass to market via their feeder cattle and therefore would be less eager to sell to feedlot operators.

There no longer appears to be a well defined seasonal pattern for fed cattle prices, and there is no assurance that fed cattle prices will follow patterns of other recent years. However, after discouragingly low fed cattle prices in the spring of 1963 and 1964, fewer feeders--especially farm feeders--may direct their feeding programs toward finishing large numbers of high grade cattle this spring. If placements are large this winter and spring, price difficulties could develop in the summer months.

### Fed Cattle Prices
### Above Last Winter

Choice steers at Chicago averaged $24.26 during the first 3 weeks of January. Fed cattle prices likely will show some additional strength at most Corn Belt markets this winter and average well above the 1964 January-March average of $21.84. Prices in the spring may decline a little from those this winter, but also are expected to average well above the year-earlier average of $21.12.

The number of cattle on feed at the beginning of this year in the North Central States was unchanged from a year earlier while the Western States were up 2 percent. Corn Belt feeders stated plans to market 9 percent less cattle than in the first quarter last year, but feeders in the Western States intend to market 2 percent more.

Steers on feed in the North Central States weighing more than 700 pounds were down 7 percent from a year earlier. Lighter weight steers were up 10 percent from January 1, 1964. However, a year ago the inventory of light weight steers was down. Thus, Corn Belt marketings likely will be smaller than those of 1964 during the winter months. Marketings will stay below a year earlier in the spring unless a large number of cattle that will reach desired finish on short-term feeding programs are placed on feed early this

Table 8.--Number of cattle and calves on feed January 1, by regions, and percent change from previous year, 1956 to date

| Year | North Central States | | | Texas and Oklahoma | Western States | Total 1/ |
|---|---|---|---|---|---|---|
| | East North Central | West North Central | Total | | | |
| | 1,000 head | 1,000 head | 1,000 head | 1,000 head | 1,000 head | 1,000 head |
| 1956 | 1,317 | 2,850 | 4,167 | 214 | 1,466 | 5,929 |
| Percent change from 1955 | +7.2 | -2.9 | +.07 | +7.0 | +8.8 | +2.3 |
| 1957 | 1,372 | 2,951 | 4,323 | 218 | 1,491 | 6,122 |
| Percent change from 1956 | +4.2 | +3.5 | +3.7 | +1.9 | +1.7 | +3.3 |
| 1958 | 1,293 | 2,994 | 4,287 | 163 | 1,370 | 5,898 |
| Percent change from 1957 | -5.8 | +1.5 | -.8 | -25.2 | -8.1 | -3.7 |
| 1959 | 1,281 | 3,351 | 4,632 | 234 | 1,658 | 6,293 |
| Percent change from 1958 | -.9 | +11.9 | +8.0 | +43.6 | +21.0 | +6.7 |
| 1960 | 1,340 | 3,508 | 4,848 | 317 | 1,925 | 7,173 |
| Percent change from 1959 | +4.6 | +4.7 | +4.7 | +35.5 | +16.1 | +14.0 |
| 1961 | 1,380 | 3,820 | 5,200 | 328 | 2,028 | 7,742 |
| Percent change from 1960 | +3.0 | +8.9 | +7.3 | +3.5 | +5.4 | +7.9 |
| 1962 | 1,379 | 3,907 | 5,286 | 409 | 2,081 | 7,993 |
| Percent change from 1961 | -.1 | +2.3 | +1.6 | +24.7 | +2.6 | +3.2 |
| 1963 | 1,517 | 4,191 | 5,708 | 537 | 2,562 | 8,989 |
| Percent change from 1962 | +10.0 | +7.3 | +8.0 | +31.3 | +23.1 | +12.5 |
| 1964 | 1,475 | 4,383 | 5,858 | 597 | 2,453 | 9,104 |
| Percent change from 1963 | -2.8 | +4.6 | +2.6 | +11.2 | -4.3 | +1.3 |
| 1965 | 1,376 | 4,470 | 5,846 | 603 | 2,508 | 9,154 |
| Percent change from 1964 | -6.7 | +2.0 | -.2 | +1.0 | +2.2 | +.5 |

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1/ 26 State total until 1961, then 28 States.

Table 9.--Steer prices at Chicago by weight group and differences between grades, by months, 1963-64

| Month | Prime | | | | | | Difference in prices between Prime and Choice (all weights) | |
|---|---|---|---|---|---|---|---|---|
| | 1963 | | | 1964 | | | | |
| | 900-1100 lbs. | 1100-1300 lbs. | Margin 1/ | 900-1100 lbs. | 1100-1300 lbs. | Margin 1/ | 1963 | 1964 |
| | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. |
| Jan. | 28.26 | 28.53 | .27 | 23.39 | 23.25 | -.14 | 1.17 | .67 |
| Feb. | 25.94 | 26.02 | .08 | 22.60 | 22.11 | -.49 | 1.17 | .64 |
| Mar. | 24.79 | 24.92 | .13 | 22.74 | 22.62 | -.12 | 1.18 | .81 |
| Apr. | 24.82 | 25.07 | .25 | 22.31 | 22.47 | +.16 | .98 | .88 |
| May | 23.79 | 23.75 | -.04 | 21.46 | 21.72 | +.26 | .88 | 1.18 |
| June | 23.78 | 23.79 | .01 | 22.09 | 22.93 | +.84 | .52 | 1.49 |
| July | 25.58 | 25.69 | .11 | 23.91 | 24.49 | +.58 | .88 | 1.15 |
| Aug. | 25.38 | 25.26 | -.12 | 25.64 | 26.36 | +.72 | .52 | 1.07 |
| Sept. | 24.75 | 24.64 | -.11 | 26.47 | 27.29 | +.82 | .39 | 1.32 |
| Oct. | 24.72 | 24.90 | +.18 | 25.37 | 26.09 | +.72 | .74 | 1.22 |
| Nov. | 24.10 | 24.21 | +.11 | 25.14 | 25.76 | +.62 | .70 | 1.09 |
| Dec. | 23.28 | 23.18 | -.10 | 24.58 | 25.07 | +.49 | .78 | 1.17 |

| Month | Choice | | | | | | Difference in prices between Choice and Good (all weights) | |
|---|---|---|---|---|---|---|---|---|
| | 1963 | | | 1964 | | | | |
| | 900-1100 lbs. | 1100-1300 lbs. | Margin 1/ | 900-1100 lbs. | 1100-1300 lbs. | Margin 1/ | 1963 | 1964 |
| | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. |
| Jan. | 27.21 | 27.27 | .06 | 22.87 | 22.50 | -.37 | 1.70 | 1.09 |
| Feb. | 25.11 | 24.86 | -.25 | 22.10 | 21.26 | -.84 | 1.24 | .75 |
| Mar. | 23.94 | 23.75 | -.19 | 22.17 | 21.74 | -.43 | 1.24 | .76 |
| Apr. | 24.06 | 24.02 | -.04 | 21.67 | 21.51 | -.16 | 1.04 | .75 |
| May | 22.99 | 22.67 | -.32 | 20.67 | 20.70 | +.03 | .94 | 1.04 |
| June | 22.99 | 22.90 | -.09 | 21.39 | 21.68 | +.29 | .79 | 1.32 |
| July | 24.85 | 24.75 | -.10 | 23.05 | 23.46 | +.41 | 1.16 | 1.56 |
| Aug | 24.88 | 24.52 | -.36 | 24.76 | 25.31 | +.55 | .76 | 1.86 |
| Sept. | 24.10 | 23.62 | -.48 | 25.45 | 26.22 | +.77 | .74 | 1.67 |
| Oct. | 24.11 | 23.93 | -.18 | 24.48 | 24.94 | +.46 | .75 | 1.44 |
| Nov. | 23.61 | 23.52 | -.09 | 24.23 | 24.56 | +.33 | .82 | 1.32 |
| Dec. | 22.58 | 22.31 | -.27 | 23.59 | 24.02 | +.43 | .87 | 1.46 |

1/ Amount 1100-1300 lbs. is above 900-1100 lbs.

year. Low prices last spring were caused mostly by the large number of heavyweight feeder cattle placed on feed in the winter months and the excessive weight carried to market.

Fed cattle prices on the West Coast probably will not show as much strength compared with last year as Corn Belt prices. In the West, steers on feed weighing more than 700 pounds were down slightly and lighter weight steers were up 13 percent from a year earlier on January 1. Regions which ship beef both east and west--depending on price relationships--will probably be shipping east during the first half of 1965.

Smaller fed beef production because of fewer marketings and lighter weights will mean that the current price premiums paid for heavier cattle within a grade and the wider than a year earlier price spread between grades will continue. Choice steers at Chicago currently bring about $1.60 more than Good steers, but about $1.20 less than Prime steers. Choice steers weighing 1,100-1,300 pounds command a price premium of 42 cents above similar quality steers weighing 900-1,100 pounds.

## Replacement Cattle Priced Below Fed Cattle

Feeder cattle are the major cost in feeding operations. When fed cattle prices are higher than the costs of converting feed grains into meat, the cattle feeder can afford to pay more per 100 pounds for animals than he will get when he sells them for slaughter. However, when it costs as much or more to put on a pound of gain than the animal brings at slaughter--as in the first half of last year--the feeder, to assure profits, must pay less for replacement cattle than he will receive when he markets them.

Through most of 1963, Choice feeder steers at Kansas City (500-800 pounds) were priced above Choice fed steers at Chicago. The difference was more than $3 per 100 pounds during several months. In 1964, however, fed cattle prices rose above feeder cattle prices in July.

A price difference between feeder cattle and fed cattle, at time of placement, is not an accurate gauge of cattle feeders' profit opportunities because cattle are usually kept on feed from 3 months to a year. In July 1964, for instance, Choice fed steer prices were $2.08 above feeder cattle prices. They were also 70 cents above feeder cattle prices 3 months earlier, 23 cents above those 6 months earlier, but $1.19 below feeder cattle prices 9 months earlier.

Fed cattle prices rose sharply about midyear in 1964, but feeder cattle prices remained at the low spring level throughout the rest of the year. By late summer, most fed cattle going to slaughter were sold at a higher price than when they were purchased earlier as feeder cattle. Thus, returns from feeding cattle have improved over those in 1963 and early 1964.

Table 10.--Average liveweight of steers sold out of first hands at 7 markets, by months, 1961 to date

| Year | Jan. | Feb. | Mar. | Apr. | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. | Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Lb. | Lb. | Lb. | Lb. | Lb. | Lb. | Lb. | Lb. | Lb. | Lb. | Lb. | Lb. | Lb. |
| PRIME | | | | | | | | | | | | | |
| 1961 | 1,236 | 1,234 | 1,262 | 1,260 | 1,256 | 1,251 | 1,238 | 1,237 | 1,220 | 1,241 | 1,232 | 1,238 | 1,241 |
| Change from 1960 | -6 | -6 | -1 | +13 | +3 | +11 | -1 | 0 | -24 | +5 | +6 | +4 | +1 |
| 1962 | 1,231 | 1,235 | 1,236 | 1,242 | 1,244 | 1,244 | 1,233 | 1,238 | 1,242 | 1,228 | 1,227 | 1,231 | 1,235 |
| Change from 1961 | -5 | +1 | -26 | -18 | -12 | -7 | -5 | +1 | +22 | -13 | -5 | -7 | -6 |
| 1963 | 1,230 | 1,249 | 1,238 | 1,269 | 1,250 | 1,257 | 1,273 | 1,253 | 1,261 | 1,238 | 1,249 | 1,234 | 1,250 |
| Change from 1962 | -1 | +14 | +2 | +27 | +6 | +13 | +40 | +15 | +19 | +10 | +22 | +3 | +15 |
| 1964 | 1,231 | 1,218 | 1,266 | 1,270 | 1,263 | 1,273 | 1,274 | 1,268 | 1,271 | 1,265 | 1,239 | 1,232 | 1,255 |
| Change from 1963 | +1 | -31 | +28 | +1 | +13 | +16 | +1 | +15 | +10 | +27 | -10 | -2 | +5 |
| CHOICE | | | | | | | | | | | | | |
| 1961 | 1,173 | 1,178 | 1,185 | 1,183 | 1,186 | 1,178 | 1,175 | 1,173 | 1,154 | 1,151 | 1,146 | 1,155 | 1,170 |
| Change from 1960 | -5 | -1 | -2 | +7 | +13 | +9 | +7 | +10 | -2 | 0 | -9 | -6 | +3 |
| 1962 | 1,157 | 1,157 | 1,156 | 1,159 | 1,161 | 1,155 | 1,134 | 1,112 | 1,102 | 1,108 | 1,123 | 1,142 | 1,139 |
| Change from 1961 | -16 | -21 | -29 | -24 | -25 | -23 | -41 | -61 | -52 | -43 | -23 | -13 | -31 |
| 1963 | 1,156 | 1,166 | 1,170 | 1,171 | 1,174 | 1,182 | 1,175 | 1,158 | 1,157 | 1,152 | 1,158 | 1,163 | 1,165 |
| Change from 1962 | -1 | +9 | +14 | +12 | +13 | +27 | +41 | +46 | +55 | +44 | +35 | +21 | +26 |
| 1964 | 1,182 | 1,187 | 1,193 | 1,184 | 1,172 | 1,167 | 1,150 | 1,129 | 1,121 | 1,125 | 1,136 | 1,148 | 1,159 |
| Change from 1963 | +26 | +21 | +23 | +13 | -2 | -15 | -25 | -29 | -36 | -27 | -22 | -15 | -6 |
| GOOD | | | | | | | | | | | | | |
| 1961 | 1,135 | 1,115 | 1,108 | 1,099 | 1,098 | 1,106 | 1,091 | 1,064 | 1,065 | 1,073 | 1,084 | 1,095 | 1,097 |
| Change from 1960 | +5 | -2 | +15 | +18 | +16 | +34 | +27 | +3 | 0 | +2 | -18 | -18 | +9 |
| 1962 | 1,095 | 1,088 | 1,068 | 1,071 | 1,072 | 1,066 | 1,034 | 1,024 | 1,022 | 1,042 | 1,073 | 1,097 | 1,065 |
| Change from 1961 | -40 | -27 | -40 | -28 | -26 | -40 | -57 | -40 | -43 | -31 | -11 | +2 | -32 |
| 1963 | 1,110 | 1,104 | 1,097 | 1,094 | 1,093 | 1,097 | 1,078 | 1,067 | 1,058 | 1,067 | 1,085 | 1,106 | 1,090 |
| Change from 1962 | +15 | +16 | +29 | +23 | +21 | +31 | +44 | +43 | +36 | +25 | +12 | +9 | +25 |
| 1964 | 1,129 | 1,124 | 1,119 | 1,096 | 1,080 | 1,062 | 1,038 | 1,024 | 1,040 | 1,050 | 1,069 | 1,074 | 1,076 |
| Change from 1963 | +19 | +20 | +22 | +2 | -13 | -35 | -40 | -43 | -18 | -17 | -16 | -32 | -14 |
| ALL GRADES | | | | | | | | | | | | | |
| 1961 | 1,153 | 1,146 | 1,147 | 1,140 | 1,142 | 1,147 | 1,144 | 1,135 | 1,123 | 1,127 | 1,126 | 1,131 | 1,139 |
| Change from 1960 | -1 | -1 | +17 | +20 | +18 | +24 | +23 | +16 | +1 | +5 | -9 | -9 | +9 |
| 1962 | 1,127 | 1,122 | 1,110 | 1,114 | 1,120 | 1,119 | 1,098 | 1,080 | 1,075 | 1,084 | 1,105 | 1,125 | 1,108 |
| Change from 1961 | -26 | -24 | -37 | -26 | -22 | -28 | -46 | -55 | -48 | -43 | -21 | -6 | -31 |
| 1963 | 1,135 | 1,141 | 1,139 | 1,142 | 1,146 | 1,157 | 1,147 | 1,133 | 1,132 | 1,132 | 1,139 | 1,148 | 1,141 |
| Change from 1962 | +8 | +19 | +29 | +28 | +26 | +38 | +49 | +53 | +57 | +48 | +34 | +23 | +33 |
| 1964 | 1,166 | 1,168 | 1,170 | 1,152 | 1,140 | 1,134 | 1,115 | 1,099 | 1,094 | 1,102 | 1,114 | 1,121 | 1,132 |
| Change from 1963 | +31 | +27 | +31 | +10 | -6 | -23 | -32 | -34 | -38 | -30 | -25 | -27 | -9 |

Table 11.--Selected prices per 100 pounds of cattle, by months, 1963 and 1964

| Month | Chicago | | | | Kansas City | | | |
|---|---|---|---|---|---|---|---|---|
| | Choice steers | | Utility cows | | Good feeder steers 500-800 lb. | | Choice feeder steer calves | |
| | 1963 | 1964 | 1963 | 1964 | 1963 | 1964 | 1963 | 1964 |
| | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. |
| January | 27.27 | 22.61 | 15.07 | 13.19 | 25.14 | 21.32 | 29.50 | 26.01 |
| February | 24.93 | 21.34 | 15.00 | 13.51 | 24.42 | 20.76 | 29.68 | 26.16 |
| March | 23.63 | 21.56 | 15.52 | 14.58 | 24.00 | 20.92 | 29.18 | 26.64 |
| April | 23.77 | 21.28 | 15.74 | 14.84 | 24.18 | 19.82 | 29.48 | 25.29 |
| May | 22.61 | 20.52 | 16.31 | 14.53 | 23.74 | 19.41 | 28.96 | 24.17 |
| June | 22.69 | 21.57 | 16.26 | 14.39 | 24.18 | 19.87 | 29.21 | 24.02 |
| July | 24.72 | 23.44 | 15.33 | 13.68 | 24.77 | 19.08 | 29.42 | 23.42 |
| August | 24.60 | 25.28 | 15.65 | 13.85 | 24.15 | 18.66 | 28.66 | 22.90 |
| September | 23.94 | 26.07 | 15.10 | 14.30 | 23.56 | 19.38 | 27.91 | 23.12 |
| October | 24.03 | 25.07 | 14.64 | 12.94 | 22.84 | 18.83 | 27.04 | 22.63 |
| November | 23.51 | 24.64 | 13.82 | 12.53 | 22.41 | 19.42 | 26.78 | 22.82 |
| December | 22.30 | 24.01 | 12.71 | 12.50 | 21.14 | 19.06 | 25.74 | 22.45 |
| Average | 23.96 | 23.12 | 15.10 | 13.74 | 23.71 | 19.71 | 28.46 | 24.14 |

Compiled from *Market News*, Livestock Division, AMS.

## Feeder Cattle Prices Unchanged

Choice feeder cattle (500-800 pounds) at Kansas City averaged $21.13 during October-December 1964--$2.86 below a year earlier. There has been little change so far in 1965. Lower feeder cattle prices last fall reflected: (1) losses sustained by cattle feeders during much of 1963 and the first half of 1964, (2) poor winter wheat pastures, and (3) an abundant supply of feeder animals. Wheat pastures provided more forage late in the fall after moisture conditions improved but considerably less than in other recent years.

A further rise in fed cattle prices this winter or spring likely would lead to higher feeder cattle prices. The total supply of feeder cattle is probably still large, but the supply of heavy feeder steers may not be as large as a year earlier. There is still a plentiful number of 1964-crop calves on hand and there is still enough feedlot capacity available for expanded feeding operations.

Through much of last year, cattle feeders were reluctant to begin long-term feeding operations and therefore heavyweight cattle were preferred for feedlots. This lack of interest in lightweight feeder cattle was reflected in feeder cattle prices. In December the average price paid for 300-550 pound Choice feeder steer calves was $22.45, or $1.55 above 500-800 pound Choice feeder steers (Kansas City). A year earlier the price differential was $2.59 in favor of calves. Calves were off $3.29 from a year earlier while yearlings were down $2.25. The difference between calf and steer prices likely will widen again when cattle feeders begin seeking lightweight replacement cattle. This may well happen in 1965.

## Cow Slaughter Likely Up In First Half of 1965

Cow slaughter likely will average above year-earlier levels this winter and cow prices probably will show a modest seasonal rise, but still average a little below the January-March 1964 average of $13.76 (Utility cows at Chicago).

Slaughter cow prices are currently 50 cents to $1.00 below year-earlier prices at most markets. The rate of increase in cow slaughter over 1964 rates may diminish toward midyear, since there were sharp increases in cow slaughter during these months of 1964. Ideal weather conditions this year would tend to lower culling rates, since carrying capacity of ranges would be increased. Of course, widespread dryness probably would lead to larger cow slaughter than in 1964.

Imports of beef were down more than a fourth last year and they are expected to continue at a reduced level in 1965. This will lend more support to cow prices this year than last.

Cow slaughter increased sharply over other recent years during 1964 and was the largest since 1957. A return to more normal culling practices after several years of herd building probably accounted for much of the increase. In addition, dry weather in some areas resulted in heavier than usual cow slaughter.

There were 24.2 million beef cows on farms January 1, 1958, but by the beginning of 1964 the number had risen to 31.8 million head. The beef cow herd probably grew further during 1964, although the rate of increase likely was slowed. The dairy herd declined again last year for the 10th consecutive time. (The January 1, 1965, inventory of cattle and calves on farms will be released on February 12.)

Calf prices are important in determining the income-producing capacity of a cow and therefore affect the size of the cow herd. The increase in the culling rate last year reflected a change in the attitudes of cattlemen toward future calf prices. Calf prices averaged much lower in 1964 than in earlier stages in the buildup in the cow herd. With record numbers of cattle on farms and low prices for most classes of cattle, cow-calf operators apparently became less optimistic about the long-term outlook.

This change in the overall outlook for future calf prices had its effect on the number of cows going to slaughter. There have been local areas of drought in recent years which have reduced local feed supplies. However, these dry areas have generally varied around the country from one year to the next. Cattlemen in dry areas will buy additional feed in years of favorable prices, but when prices are low, an additional cost in producing calves cannot be undertaken except with extreme risk. Cow-calf operators were reluctant to expand their operations last year and many herds had to be brought in line with reduced forage conditions and feed supplies. Productive cows from dry areas often went directly to slaughter, rather than being bought by cattlemen with better feed conditions in other areas.

### Number of Cattle Feeders Declined Slightly in 1964

The number of feedlot operators declined only slightly in 1964 despite low fed cattle prices during the first half of the year. The number of cattle feeders in the Western States dropped from 6,688 at the beginning of 1964 to 6,125 on January 1, 1965. The North Central States showed a slight loss in feedlot operators--from 204,530 to 204,370 during 1964. Numbers of feedlot operators last year increased in Georgia and Alabama.

The movement toward larger capacity feedlots continued last year. The number of cattle feeders on January 1 with lot capacity of under 1,000 head increased by less than 1 percent from the same date a year earlier in the 16 States for which this information is available (11 Western States plus Oklahoma, Texas, South Dakota, Nebraska, and Kansas). There were about 2 percent more cattle feeders with lot capacity of over 1,000 head.

The 11 Western States plus Texas and Oklahoma showed a 9 percent decrease in the number of cattle feeders with feedlots of under 1,000 head capacity, while those with over 1,000 head capacity rose between 2 and 3 percent. Since the total number of cattle feeders in these States declined 8 percent, many feedlot operators with small capacity lots evidently were no longer feeding cattle by January 1, 1965. In 1963, the number of small capacity operators also dropped, while the large capacity operators increased.

## SHEEP AND LAMBS

### Sheep and Lamb Slaughter Down 8 Percent in 1964

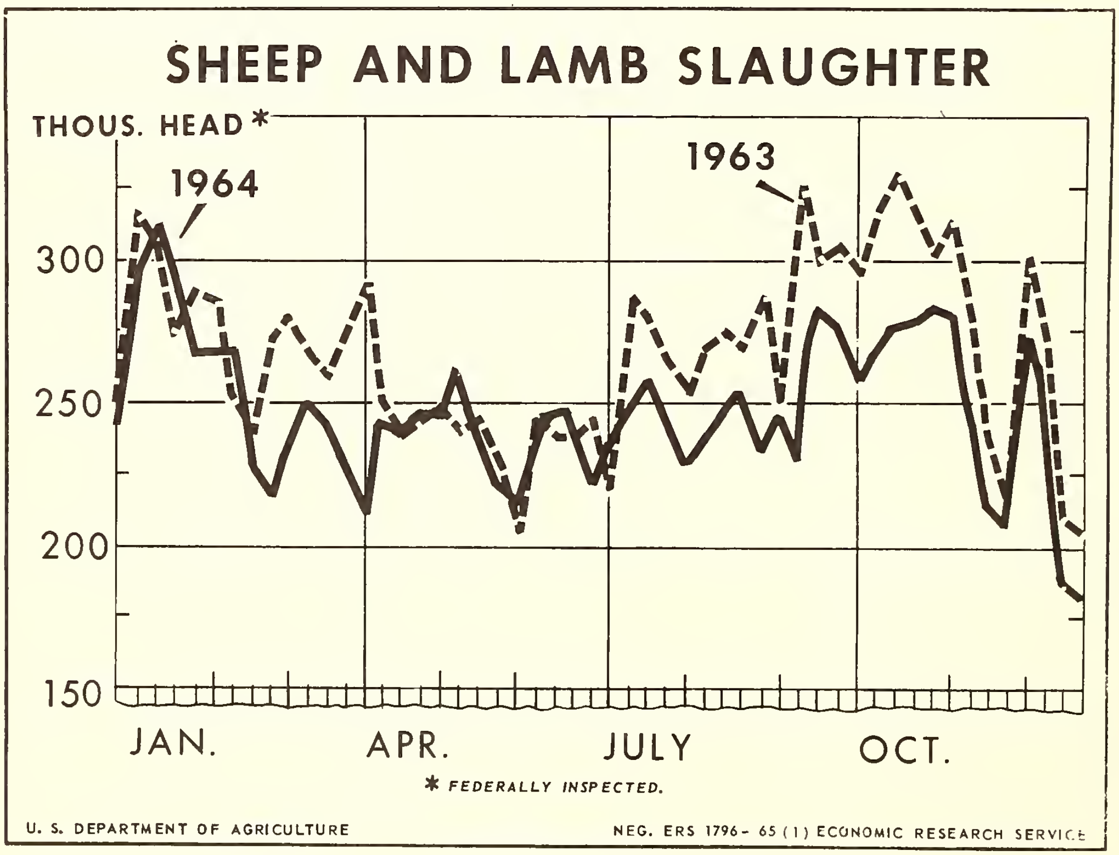
Total sheep and lamb slaughter in 1964 likely amounted to a little less than 15 million head, and lamb and mutton production to slightly more than 700 million pounds--decreases from 1963 of between 7 and 8 percent. Commercial slaughter was down from 1963 in each month except June.

The decline in sheep and lamb slaughter in 1964 reflected in part the 6 percent smaller lamb crop than the year before. Nevertheless, slaughter in 1964 was large enough to further reduce sheep and lamb inventories. The number on farms and ranches January 1 this year probably was down 4 to 5 percent from the 28.2 million a year earlier.

In the late months of 1964 and in early January this year, slaughter lamb prices were the highest for that period in several years. Choice slaughter lambs at Denver were $21.50 in the week ended January 16, compared with $19.23 a year earlier. Feeder lamb prices also were higher at most major markets. Choice feeder lambs at Denver brought $20.50 in the week ended January 16, compared with $17.75 a year earlier.

## Slaughter-Feeder Price Spread Narrows

Both slaughter lamb and feeder lamb prices in 1964 were above year-earlier levels each month after January. Through September, the increase from a year earlier generally was considerably larger for slaughter lambs than for feeder lambs. This made an especially favorable feeding margin, particularly in June, July, and August. But by October, although both slaughter and feeder lamb prices had declined somewhat, slaughter lamb prices had declined more. As a result, the price spread between slaughter and feeder prices, while still favorable for feeding, narrowed considerably compared with the same period in 1963.



In December, the average price at Denver was $20.23 for Choice slaughter lambs and $19.79 for Choice feeder lambs--a spread of 44 cents compared with $1.48 in December 1963. But in the week ended January 16, slaughter lamb prices at Denver were $2.00 above feeder prices, compared with $1.48 in January 1964.

### Feeder Lamb Supplies Small

The supply of feeder lambs was small at the end of 1964. Most of those available in Texas had been sold locally, as fall and winter rains had improved pastures. November shipments of stocker and feeder lambs into the 8 North Central States were 134,000 head, down 37 percent from a year earlier.

### Sheep and Lambs on Feed Down 9 Percent

On January 1, 1965, there were 3.3 million sheep and lambs on feed in 26 States. This was 9 percent below the 3.7 million head on feed a year earlier, and the smallest number on feed January 1 since records have been kept.

Table 12.--Selected prices per 100 pounds of livestock, by months, 1963-64

| Month | Barrows and gilts at 8 markets 1/ | | Sows at 8 markets 1/ | | Choice lambs at Denver | | Good ewes at Denver | |
|---|---|---|---|---|---|---|---|---|
| | 1963 | 1964 | 1963 | 1964 | 1963 | 1964 | 1963 | 1964 |
| | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. | Dol. |
| January | 15.65 | 14.70 | 13.37 | 12.02 | 19.79 | 19.12 | 8.08 | 7.78 |
| February | 15.14 | 14.70 | 13.32 | 12.51 | 19.00 | 20.17 | 7.76 | 8.12 |
| March | 14.07 | 14.48 | 12.41 | 12.63 | 19.07 | 21.39 | 8.33 | 8.66 |
| April | 13.78 | 14.16 | 11.97 | 12.29 | 19.48 | 21.37 | 8.68 | 7.05 |
| May | 15.01 | 14.84 | 12.77 | 12.49 | 22.29 | 22.84 | 5.96 | 6.27 |
| June | 17.01 | 15.83 | 13.87 | 12.85 | 22.32 | 23.20 | 6.92 | 5.97 |
| July | 18.44 | 17.11 | 14.98 | 13.44 | 20.72 | 22.82 | 5.77 | 5.56 |
| August | 17.55 | 17.05 | 15.07 | 13.78 | 20.44 | 22.77 | 5.88 | 5.40 |
| September | 15.89 | 16.76 | 14.22 | 14.28 | 19.48 | 22.53 | 5.64 | 5.87 |
| October | 15.47 | 15.39 | 13.82 | 13.05 | 19.15 | 21.76 | 5.70 | 5.76 |
| November | 14.47 | 14.43 | 12.57 | 11.85 | 19.33 | 20.56 | 6.76 | --- |
| December | 14.21 | 15.55 | 11.28 | 12.34 | 18.85 | 20.23 | 7.65 | 5.45 |
| Average | 15.38 | 15.31 | 13.43 | 12.84 | 19.99 | 21.56 | 6.93 | 6.54 |

1/ Average for all weights at Midwest markets.

Compiled from Market News, Livestock Division, AMS.

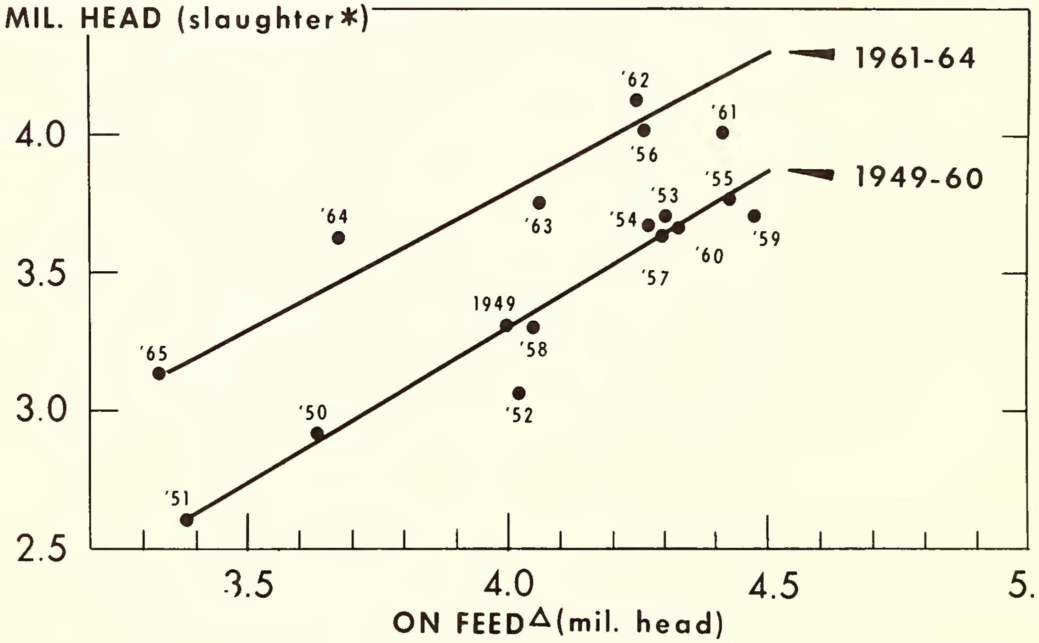
The 12 North Central States had 1.8 million sheep and lambs on feed January 1. This was a 12 percent decrease from the number on feed January 1, 1964. All States were below year-earlier levels expect Michigan, which was unchanged. The sharpest decrease was in Kansas, down 41 percent from the previous year.

There were 1.3 million head of sheep and lambs on feed in the Western States January 1, a decrease of 3 percent from 1964. Colorado, the leading sheep and lamb feeding State in the Nation, had 9 percent fewer on feed this year, while California the second largest feeding State in the West, had 247,000 head on feed, an increase of 2 percent from a year earlier.

## January-March Slaughter Supplies Down

Sheep and lambs on feed January 1 provide most of the slaughter supplies during the first quarter. In 1949-60, commercial slaughter averaged about 85 percent of the beginning inventory of lambs on feed. However, since 1961 this relationship has changed and commercial slaughter during the first quarter has averaged about 95 percent of the number on feed at the beginning of the year. If this present relationship continues during 1965, slaughter supplies in the first quarter likely will be down 10-15 percent from January-March 1964.

LAMBS: ON FEED AND SLAUGHTER



* COMMERCIAL LAMB AND YEARLING SLAUGHTER, JAN.-MAR. (ESTIMATED FROM FEDERALLY INSPECTED SLAUGHTER).
△ LAMBS ON FEED JAN. 1. 1965 DATA ARE PRELIMINARY.

U. S. DEPARTMENT OF AGRICULTURE NEG. ERS 3471-65 (1) ECONOMIC RESEARCH SERVICE

Compared with a year earlier, slaughter in late February and in March may be down somewhat more than slaughter early in the quarter, since the decline from a year earlier in the number of heavy lambs on feed January 1 was smaller than the decline in lighter weight animals on feed. Sheep and lambs on feed January 1 weighing over 80 pounds were down about 8 percent and those weighing less than 80 pounds were down 17 percent.

In view of the prospective decline in slaughter supplies, slaughter lamb prices in the first quarter likely will average moderately above the January-March 1964 average of $20.20, Choice lambs, Denver. The expected smaller lamb crop in 1965 will make for smaller slaughter supplies through the rest of the year, and prices likely will continue higher than a year earlier.

## U. S. Foreign Trade in Meat in 1964

Meat imports through November 1964 continued to run substantially below those of 1963, while exports were up. In the first 11 months of 1964, total meat imports to the United States were down 28 percent from the 1,878 million pounds, (carcass weight equivalent), in the same months of 1963 and exports were up 16 percent from the 156 million pounds exported a year earlier.

Beef and veal imports, which accounted for about 80 percent of all meat imports through November, were down 28 percent from year-earlier levels. Lamb imports were down 45 percent and mutton and goat imports were down 43 percent. Pork imports totaled 208 million pounds through November, up about 2 percent from year-earlier levels.

Exports of red meats, although small relative to U. S. production, amounted to 181 million pounds through November. This was an increase of 16 percent from year-earlier levels. Beef and veal exports in January-November totaled 48 million pounds, up 63 percent from these 11 months of 1963. Pork exports of 131 million pounds were up 5 percent.

* * * * * * * * * *

## Meat Imports in Calendar Year 1965

Meat imports in 1965 are expected to remain near 1964 levels. Secretary Freeman announced on December 28 that imports of fresh, chilled, or frozen cattle meat and meat of goats and sheep, other than lamb, into the United States during 1965 were expected to total about 733 million pounds (product weight). This is below the quantity which would direct the President to proclaim meat import quotas for 1965 under Public Law 88-482, enacted last August.

Under the legislation, the base import quantity is 725.4 million pounds, product weight, approximately the average annual imports of these meats in 1959-63. According to the provisions of the legislation, in establishing quota levels, this base quantity would be adjusted by the same percentage as the change in U. S. commercial production of these meats since the 1959-63 period. For purposes of the legislation, the level of domestic production is defined as a 3-year average--an average of estimated commercial production for the year in which the quota may be applied and the 2 perceding years.

Average domestic production during 1963-65 is estimated to be 17 percent over the 5-year average of the base period 1959-63. Therefore, if a quota were proclaimed for 1965 it would be 17 percent above the 725.4 million pounds base quota, or 848.7 million pounds (fresh, chilled, or frozen cattle meat and meat of goats and sheep other than lamb). If anticipated imports were 10 percent above this adjusted quota (933.6 million pounds), then a quota for 1965 of 848.7 million pounds would be proclaimed.

In compliance with the legislation, the Secretary of Agriculture will make quarterly determinations of import prospects to advise the President of any changes that may occur.

* * * * * * * * * *

Table 13.--U. S. meat imports and exports: January-November 1963-64 and percentage comparisons (carcass weight)

| Item | 1963 |  |  | 1964 |  |  | Percent change |  |  |
|---|---|---|---|---|---|---|---|---|---|
|  | Jan.-Oct. | Nov. | Jan.-Nov. | Jan.-Oct. | Nov. | Jan.-Nov. | Jan.-Oct. | Nov. | Jan.-Nov. |
|  | 1,000 pounds | 1,000 pounds | 1,000 pounds | 1,000 pounds | 1,000 pounds | 1,000 pounds | Percent | Percent | Percent |
|  | Imports |  |  |  |  |  |  |  |  |
| Beef and veal | 1,409,402 | 133,014 | 1,542,416 | 1,018,239 | 87,066 | 1,105,305 | -28 | -35 | -28 |
| Lamb | 16,267 | 1,352 | 17,619 | 9,345 | 341 | 9,686 | -43 | -75 | -45 |
| Mutton and goat | 109,897 | 3,371 | 113,268 | 61,191 | 3,937 | 65,128 | -44 | +17 | -43 |
| Pork | 187,224 | 17,568 | 204,792 | 189,778 | 18,247 | 208,025 | +1 | +4 | +2 |
| Total meat | 1,722,790 | 155,305 | 1,878,095 | 1,278,553 | 109,591 | 1,388,144 | -26 | -29 | -26 |
|  | Exports |  |  |  |  |  |  |  |  |
| Beef and veal | 26,486 | 3,306 | 29,792 | 41,825 | 6,621 | 48,446 | +58 | +200 | +63 |
| Lamb and mutton | 1,146 | 124 | 1,270 | 1,538 | 164 | 1,702 | +34 | +32 | +34 |
| Pork | 109,453 | 15,444 | 124,897 | 121,888 | 9,331 | 131,219 | +11 | -40 | +5 |
| Total meat | 137,085 | 18,874 | 155,959 | 165,251 | 16,116 | 181,367 | +21 | -15 | +16 |

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# FUTURES TRADING IN BEEF CATTLE

by

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Organized futures trading in beef cattle was started through the Chicago Mercantile Exchange on November 30, 1964. Because beef cattle futures are new to the cattle industry, this article explores some of the possibilities and limitations of the use of futures in the livestock industry. Individuals and firms will want to size up this additional alternative and see what bearing it may have on their businesses. However, this article is not addressed to appraising the potential growth of such futures trading.

# Futures Trading in Beef Cattle

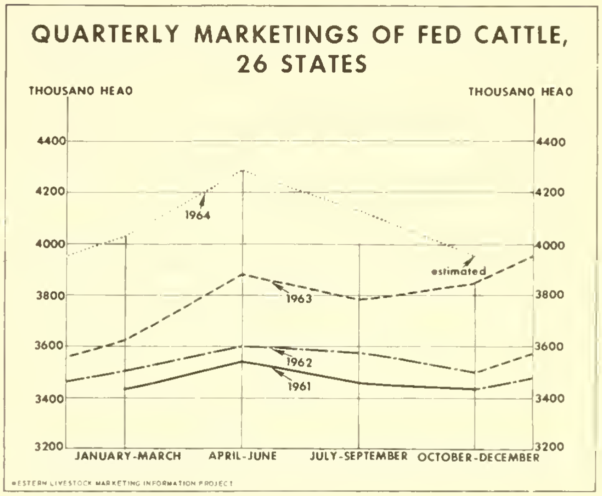
Beef cattle futures contracts have been established by the Chicago Mercantile Exchange. Trading started November 30, 1964. Choice grade slaughter steers are the deliverable commodity. Futures trading in dressed beef carcasses may follow in early 1965. The actual participation by people in the cattle and beef industry, as well as others, will determine the success of beef cattle futures trading.

Futures trading in beef cattle involves some special problems. Cattle ready for slaughter cannot be withheld from market for any long period of time without rising costs and quality changes. Beef carcasses are seldom held long. Most other commodities now being traded on the futures market are storable. Even frozen pork bellies are relatively storable since they are handled in frozen form.

Among important questions, from the standpoint of the cattle and beef industry, is "Who will use the beef cattle futures market and for what purposes?" Cattle feeders would appear to be the most likely group to use cattle or beef futures for 'hedging' against price changes. Other segments of the industry also might use the beef cattle futures market, but it may be less useful to them for hedging purposes.

People in any phase of the cattle and beef industry could use beef cattle futures for speculative purposes—just as could anyone outside the industry. Willingness of speculators to assume the risk of price changes creates an active market—one in which it is easy to buy and sell. The option of making and taking actual delivery of cattle tends to tie the futures price to the cash market price for fed cattle. This tie between the cash and futures market price enables producers, processors and others to use futures contracts for hedging.

During periods of forced adjustment, such as the past two years, industry interest is often directed to areas of production and marketing which have previously received little attention. With fluctuating prices, narrow profit margins, and numerous losses, the cattle industry is investigating the workings of a futures market and its possible application. The following chart shows the increases in fed cattle marketings in recent years. Changes within the year also have been wide and contributed to price swings.



QUARTERLY MARKETINGS OF FED CATTLE, 26 STATES

WESTERN LIVESTOCK MARKETING INFORMATION PROJECT

### Other Types Of Contracting

Some producers, processors and retailers try to assure future supplies and avoid dangers of adverse price changes by contracting for deferred delivery of their product or of inputs they need in operating their business. During the summer, ranchers often contract feeder cattle and calves for fall delivery. Packers sometimes contract with feedlots to deliver cattle at a later date, particularly on the West Coast.

Differences in futures trading from these other types of contracting are:

*futures contracts are traded on organized commodity futures exchanges,*
*futures contracts have standard terms,*
*futures are largely non-personalized paper transactions, and*
*futures generally do not involve actual delivery of the commodity.*

*If trading in beef futures is to resemble trading in futures for other commodities, few cattle will actually be delivered in fulfillment of contracts.* Rather, offsetting transactions would usually be completed to liquidate 'outstanding' contracts. Futures—and other types of contracting—are frequently attempts to shift the risk of adverse price changes to another party.

### What Is A 'Futures' Market?

*Futures trading is carried out through a system of buying and selling contracts for deferred delivery of a product.* An 'exchange'—or trading place—provides the vehicle for establishing uniform contracts and delivery terms. This market place provides the terms for trading in these contracts, and is the focal point for communication for this contract market.

Futures trading provides a market through which producers, processors and others may hedge inventories—transfer the price risk to others. It also may attract risk capital to an industry without involving active participation in production or processing. This takes place through the exchange of futures contracts.

### What Is A Futures Contract?

A futures contract calls for delivery of a commodity in a stated future month. It is an agreement to deliver or receive a specified amount and quality of the commodity at a price agreed upon by buyer and seller.

The contract may be fulfilled by taking or making delivery. But in most cases, the person who has bought a contract will sell an offsetting one prior to delivery date, thus removing his obligation. Similarly, the trader who has sold a contract may later buy back an offsetting one.

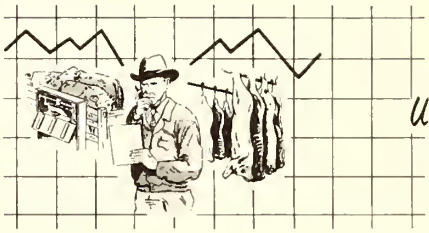
The cattle futures contract calls for delivery and acceptance of 25,000 pounds of Choice steers. They are all to be in a weight range of 1000-1150 pounds with estimated dressed yield of 61 per cent, or all in a weight range of 1151-1300 pounds with estimated dressed yield of 62 per cent. Discounts are provided for substitutions in estimated weight, and for steers estimated to have lower grade or dressing percentage, or indicated fat covering of more than one inch over the ribeye. Contract trading has been announced for delivery months of April, June, August and October 1965. Delivery of cattle is to be made from approved livestock yards in Chicago, with Omaha as an alternative at 75 cents per hundred pounds less than Chicago.

### Mechanics Of Futures Trading

*Members of the 'exchange' execute orders for purchase and sale of contracts. Arrangements for buying or selling futures contracts can be made with 'brokers' throughout the country who funnel orders to the exchange floor.* Futures contracts are bought and sold openly by bid and offer on the floor of the exchange. Members of the exchange offer to sell or buy contracts for their customers by shouting out or signaling their price. Once a transaction is completed, it is recorded by the exchange and brokers notify their respective customers.

All futures transactions, whether buying or selling, require a margin deposit. For beef cattle contracts, the minimum initial margin is $500 per contract. An individual deposits money with his broker, who maintains a separate account for each customer. Additional margin may be required, if the value of his contract changes adversely. Margin may be withdrawn if the value of his contract changes favorably.

Brokers charge a commission on each contract bought or sold. At present, the commission on beef cattle futures is $36 per contract. A commission is payable on the 'round turn', that is, when a contract if fulfilled by an offsetting contract purchase or sale, or by delivery or acceptance of the steers. The individual's account is then adjusted for any profit or loss.



### Use of Futures For Hedging

Hedging is offsetting the ownership of a commodity—or the obligation to deliver or accept delivery of a commodity—by a counter-balancing sale or purchase in the futures market. Businessmen who finance, produce, market or process various commodities frequently use the futures market for hedging. A cattle feeder, for example, might sell cattle futures as a hedge against his purchases of feeders. Typically, he would buy offsetting contracts when the finished cattle are marketed.

**Advantages of Hedging**

Futures trading provides a means of price protection. In addition, hedging has other advantages. One is that banks and other lending agencies may advance more credit against hedged inventories than against unhedged inventories. However, to be an advantage, the credit advances would need to be more than enough to cover the 'margin' requirements and the futures commission. Another advantage claimed for futures trading is that reduction of risk for businessmen reduces necessary profit margins and therefore, lowers consumer prices or raises producer prices.

*The futures market could be used as the most direct hedge for people feeding cattle that exactly fit the delivery specifications. While less direct, it can also be used as a hedge for other grades, weights, sex and location.*

**Limitations Of Hedging As Price Insurance**

Hedging for price insurance will be most successful when prices of feeder cattle, fed cattle and the cattle futures contracts move up and down in a similar fashion. Few hedges offer perfect protection against adverse price movements for several reasons:

a) The price of various futures delivery months do not necessarily advance or decline by exactly the same amount and some delivery months may not move exactly as the price of the cash commodity.

b) The cattle or beef being hedged may be at locations distant from specified delivery points. Differences in price for various locations change from time to time.

c) A hedge may be desired on heifers, while steers are the only deliverable commodity.

d) The grade being hedged may be different than the futures contract grade. Price relationship between grades of cattle in the cash market vary. The futures market cannot exactly reflect the price changes of different grades, or changes within grades, because a futures contract is traded in terms of one basic grade.

e) A hedge may be against a different product than the futures commodity.

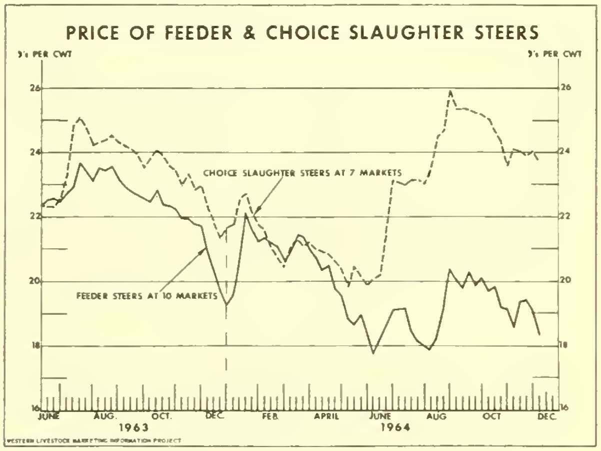
These factors are called 'basis' risk. The more difference in form from the futures commodity, or the greater the distance from delivery points, the greater the various kinds of 'basis' risk.

The size of the futures contract unit is fixed. A unit, or multiple units, may not exactly match the quantity involved in the cash market transaction.

The more perfect the relationship between prices for cattle futures and prices for particular cattle or beef being hedged, the more perfect will be the hedge. The chart on page 5 shows how prices for Choice slaughter steers vary at three markets. Chicago, Denver and Phoenix are used as examples.

**Application Of Futures To Cow-Calf Producers**

*Cow-calf producers probably will not make much hedging use of futures for fed steers. The feeder calf is a much different form than the fed steer.* Producers' use will depend to some extent on the relation between futures prices and cash prices of fed cattle. It will also depend on the relation, at any one time, between prices of feeder cattle and fed cattle. Feeder cattle prices respond in a general way to current changes in fed cattle prices but there are times, such as last summer and fall when they have moved differently. (See chart.) Over a long period of time, feeder prices move through wider swings than fed cattle prices. This is because changes in both fed cattle prices and fed costs are frequently reflected back to feeder cattle prices.

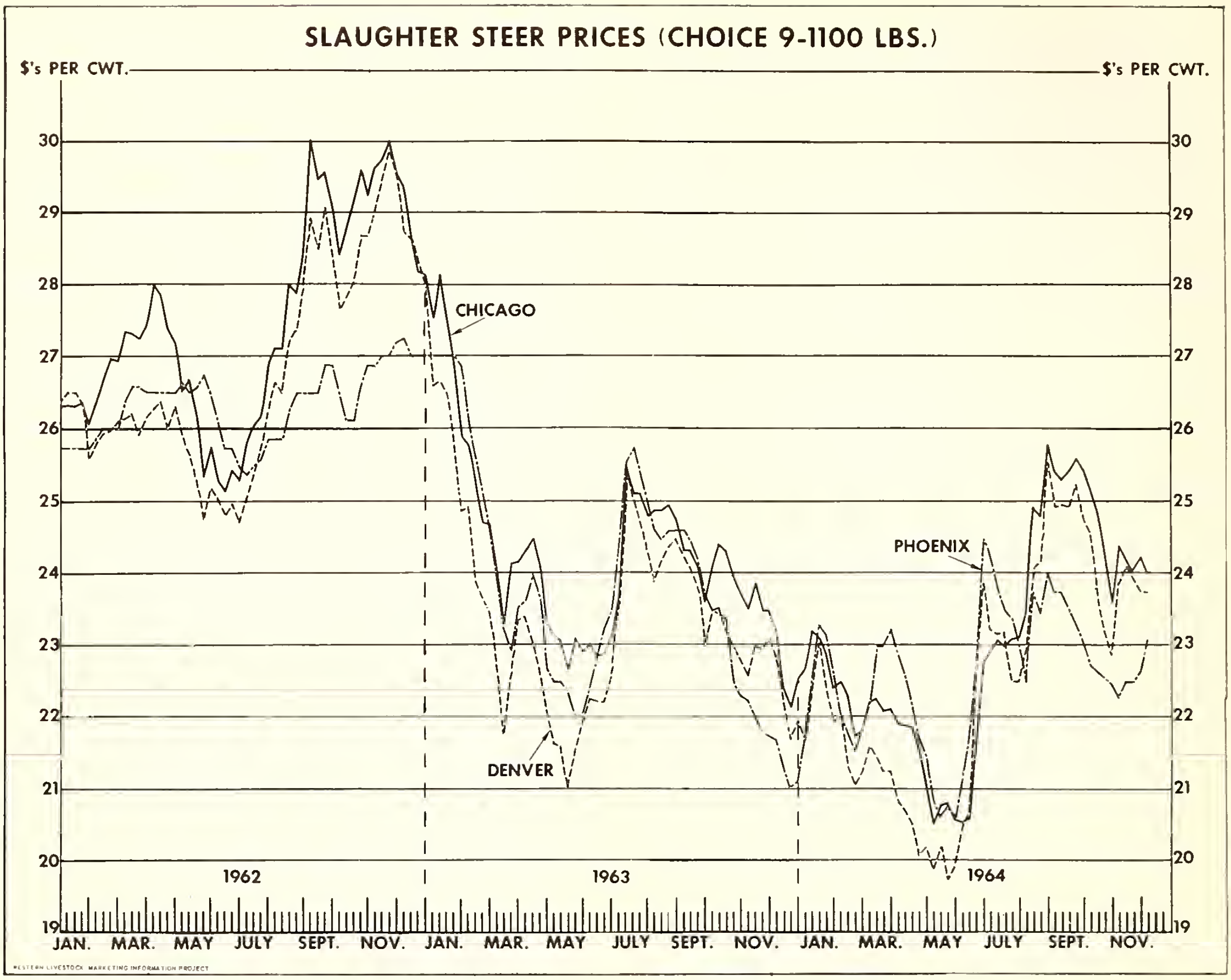

PRICE OF FEEDER & CHOICE SLAUGHTER STEERS

WESTERN LIVESTOCK MARKETING INFORMATION PROJECT

The same limitations of futures trading by cow-calf operators apply to those who graze calves and light yearlings on crop residue or other pasture. This type of operation depends primarily on cheap weight gains for profits.

The rancher ordinarily does not have cattle in the form of the finished product deliverable against the contract. He could achieve only an indirect and imperfect hedge in the futures market.

Direct arrangements between ranchers and feedlot operators for future delivery of feeders are also a form of hedging. However, this is sometimes an inactive market. Futures contracts for Choice fed steers are a less direct form of hedge, but there are times when futures might offer a more active market.



SLAUGHTER STEER PRICES (CHOICE 9-1100 LBS.)

WESTERN LIVESTOCK MARKETING INFORMATION PROJECT

**Application To Feeding Operations**

Many large feedlot operators follow the practice of purchasing feeders when selling fed cattle. They hope to recover on an 'up' market for losses in a 'down' market. When prices of feeder cattle roughly parallel fed cattle prices, this simultaneous buying of feeders and selling of fed cattle affords some protection against price risk—particularly if transactions over a relatively long period of time are considered. When feeder and fed cattle prices move differently, simultaneous buying of feeders and selling of fed cattle does not provide price risk protection. Also, when feeder prices decline more slowly than fed prices over a long period (such as 1963 and the first half of 1964), large losses result from such simultaneous buying and selling.

Simultaneous and frequent buying and selling are less satisfactory to the medium and small farmer-feeder, since he is only in the market a few times a year. *Hedging in the futures market may provide the farmer-feeder and the large feedlot operator with a degree of price protection.* Futures prices also may provide a guide to encourage or discourage the place- of cattle on feed.

An example of the use of the cattle futures market for hedging is shown in the following table. *A cattle feeder is considering the purchase of 700-pound feeders. He first looks at the feeder price, his feeding and other costs, and the 'futures' price of fed cattle (for the same month or a later month than the feeders will be slaughtered as finished cattle). The price difference between Chicago and his normal market should also be considered. If a profit in feeding out the cattle is likely, he buys the feeders and may hedge his price risk by selling offsetting futures contracts.*

In this example, a cattle feeder looks at the $21 price for 700-pound feeder steers, his feeding costs of $101, and the August futures price of $22.25, and would just break even, covering all costs. Therefore, since his costs are covered, he may *purchase* 700-pound steers at $21 per hundredweight in January and simultaneously *sell* a futures contract for August delivery or later, (if he plans on selling the fed cattle in July). Assume, for example, that the January price of an August delivery contract is $22.25 per hundredweight and that in July he *sells* the finished animals (now weighing 1100 pounds) at $22.00 per hundredweight, and *buys* an offsetting August futures contract at, say $22 per hundredweight. As can be seen in the table, the result of these transactions (after considering cost of gain) is a loss of $6 per animal on the cash market and a profit of $6.05 on the futures market. This assumes that the feeder sells cattle on a market roughly comparable with Chicago.

**HYPOTHETICAL EXAMPLE**

| | Return Per Hundredweight | | Return Per Animal | |
|---|---|---|---|---|
| | Cash | Futures | Cash | Futures |
| Buy 700 lb. steers (in Jan.) | $21.00 | | $147.00 | |
| Cost of Gain | | | 101.00 | |
| Total cost of fed steer (1100 lb.) | 22.55 | | 248.00 | |
| Sell August cattle futures (in Jan.) | | $22.55 | | $248.05 |
| Sell 1100 lb. steers (in July) | 22.00 | | 242.00 | |
| Buy August cattle futures (in July) | | 22.00 | | 242.00 |
| Loss or Gain | –.55 | +.55 | –6.00 | +6.05 |

This example involves hypothetical prices and illustrates how the futures market could be used by cattle feeders as a beneficial hedging operation. If prices of fed cattle and August futures had moved up to, say $25, the $3 higher return (per 100 pounds) from the feeding operation would have been offset by $3 less per 100 pounds on the futures transaction.

*If a budgeting of feeder prices, cost of gain, the 'futures' price and local market differentials indicate that a loss is in prospect, the cattle feeder would, presumably, consider other alternatives. These would include different feeder cattle, different feeding programs or a cut-back in feeding operations. If the 'futures' price indicates a prospective loss, but the feeder believes that the cash market at selling time will be higher than indicated by the 'futures' market, he may decide to go ahead and feed the cattle. If so, he is not likely to sell futures contracts, since that step would almost insure the loss.*

The number of contracts sold by a feeder for hedging purposes will depend on the expected final weight of the cattle and the extent to which hedging coverage is desired. A sale of four futures contracts for fed cattle would be needed to hedge all of the purchase of 100 head of feeders. If the finished weight of these cattle is expected to be about 1050 pounds, they would total about 105,000 pounds. Four futures contracts would total 100,000 pounds.

### Delivery Provisions

Under certain conditions of the futures and cash markets, a feeder might find it to his advantage to make delivery of his cattle. Transportation costs might make the delivery alternative less attractive to others. The amount of physical delivery under futures contracts varies with different commodities and at different times. Most typically, a purchase or sale of an offsetting contract is made rather than to make or take delivery.

If an individual or firm is considering delivery of his own or purchased cattle, he should check the contract terms regarding delivery requirements. Substitutions and discounts are provided in the contract for grade, weight, dressing percentage and exterior fat covering, as estimated by USDA graders under Mercantile Exchange provisions.

All yardage costs including driving of livestock, feeding and bedding, weighing, insurance and any other required services through weighing to buyer's holding pen shall be paid by the seller. These will be in accordance with the published and established rates as set forth in the tariff at the Livestock Yards at Chicago or Omaha, depending on where delivery is made. Arrangements and settlement for grading, yield estimating, weighing and Exchange documentation will be made with Mercantile Exchange. Cost of this will borne by the seller.

### Application Of Futures To Processors

Processors and distributors have quick turnover and a fairly uniform volume of business throughout the year. This means constant buying and selling are necessary and they have frequent opportunities to adjust operations to changing margins. Thus, there is less need for these groups to hedge their risk–than is the case with cattle feeders who presently have a price risk on a group of cattle for 4 to 12 months.

The usefulness of hedging to firms is proportional to the significance of price risk in their operation. Factors affecting the importance of price risk are:

### a) Length Of Time Owned

The longer the period of time owned, the greater the price risk because prices can fluctuate move over a longer period of time and there is less turnover within an accounting period. Typically, the meat packer only possesses beef about a week and at the most two weeks. Meat packers and retailers that feed cattle would have a greater beef price risk than those that do not, because of the greater length of time for price fluctuation and the increase in the proportion of total firm operations devoted to beef.

Some packers may agree with retail chain stores to furnish beef of specified quantity and quality. On the other side of the market, packers may contract with feedlots for supplies. Both of these arrangements may extend over several months' time. Ability to hedge in the futures market might make it easier to formulate such contracts, especially as to price terms.

### b) Profit Morgin In Relation To Totol Value

The smaller the profit margin, the more important price risk becomes, because a small change in price can then substantially reduce or eliminate profits. Profits of livestock slaughterers tend to be relatively small in relation to sales.

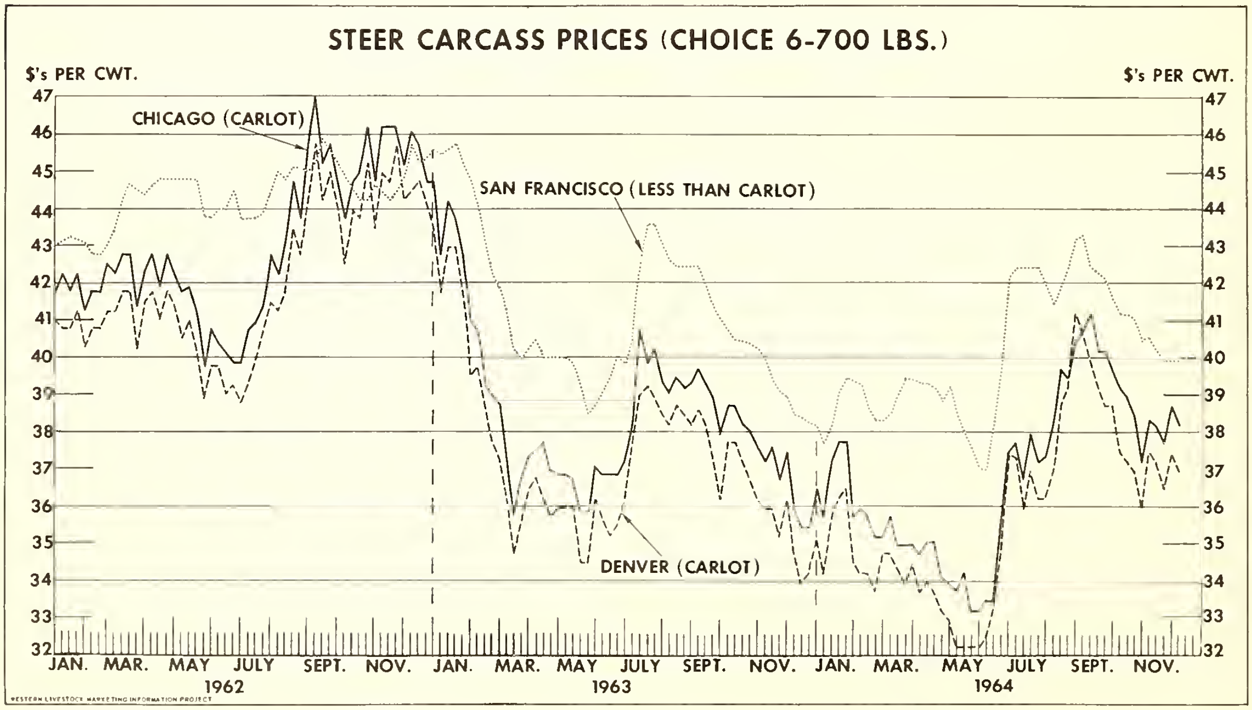
### c) Proportion Of Totol Firm Operations In This Enterprise

The proportion of total firm operations in beef varies greatly. Some firms kill only cattle, while beef may be less than 10 per cent of the business for large diversified meat packers. Price risk from beef operations also varies in importance. Each firm will decide whether to provide price insurance on this portion of their operation through futures or cover it internally.

Price risk also varies with the competitive position of the firm and with ownership equity. Equity ranges from the small individual proprietary firm with a large proportion of borrowed capital, to the large diversified corporate firm.

### Implications For Meat Retailers

Many of the same factors relating to meat packers also apply to retailers. Retail food chains frequently plan their operations months in advance. Even special sales are planned many weeks or months ahead. The futures market may offer these chains an opportunity to improve their planning. Part of special beef sales might be hedged in the futures market, making it possible to reduce price risks well ahead of the sale date. When price risk of retailers are considered, the



STEER CARCASS PRICES (CHOICE 6-700 LBS.)

WESTERN LIVESTOCK MARKETING INFORMATION PROJECT beef price risk appears relatively unimportant compared to that of cattle feeders. The previous chart shows wholesale beef prices at San Francisco, Denver and Chicago.

### General Comments

Futures markets are generally credited with decreasing seasonal price variations. If this occurs with beef cattle prices, it would remove some of the risk from the cattle industry. If more stable prices occur, it would also tend to provide more stable incomes. In order for prices to become more stable however, more information will need to become available and used by the industry and speculators.

Margin requirements would be less for trading in cattle futures than in having cattle custom fed. Some speculative capital, which has entered beef cattle production from time to time in the past, may shift to the futures market.

Different degrees of participation by those in the marketing system--producer, feeder, packer or retailer--could be expected. The value of futures trading in beef cattle to the individual firm will depend on price relationships which develop between beef futures contracts and cash markets for various grades, locations and kinds of cattle. It also depends on the financing position of the firm, its particular business situation and diversification. Futures may be of most use to those feeding cattle and of less use to those producing and growing feeders.

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  - Number on feed:
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    - By regions--MAY, JAN. 1965
- Foreign trade--MAY, NOV.
- Futures Trading in Beef Cattle--JAN. 1965
- Inventory Cycle and Slaughter Weights of Steers--MAR.
- Live weight of production--MAY
- Live weight of steers sold out of first hands at 7 markets--JULY, JAN. 1965
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Supply and distribution of meat, by months, July 1964 to date

| Meat and period | Commercially produced | | | | | | | | Total 2/ | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Supply | | | Distribution | | | | | Production | Civilian consumption | |
| | Production | Beginning stocks | Imports | Exports and shipments | Ending stocks | Military | Civilian consumption | | | Total | Per person |
| | | | | | | | Total | Per person 1/ | | | |
| | Mil. lb. | Mil. lb. | Mil. lb. | Mil. lb. | Mil. lb. | Mil. lb. | Mil. lb. | Lb. | Mil. lb. | Mil. lb. | Lb. |
| Beef: | | | | | | | | | | | |
| July | 1,543 | 287 | 77 | 6 | 284 | 41 | 1,576 | 8.4 | --- | --- | --- |
| August | 1,475 | 284 | 128 | 7 | 289 | 42 | 1,549 | 8.2 | --- | --- | --- |
| September | 1,534 | 289 | 87 | 6 | 257 | 45 | 1,602 | 8.5 | --- | --- | --- |
| 3rd quarter | 4,552 | 287 | 292 | 19 | 257 | 128 | 4,727 | 25.1 | | | 3/25.4 |
| October | 1,620 | 257 | 78 | | 261 | 43 | | | --- | --- | --- |
| November | 1,453 | 261 | 86 | | 293 | 40 | | | --- | --- | --- |
| December | | | | | | | | | --- | --- | --- |
| 4th quarter | | | | | | | | | | | |
| Veal: | | | | | | | | | | | |
| July | 81 | 13 | 1 | 4/ | 13 | 4 | 78 | 0.4 | --- | --- | --- |
| August | 83 | 13 | 1 | 4/ | 12 | 3 | 82 | .4 | --- | --- | --- |
| September | 91 | 12 | 1 | 1 | 10 | 3 | 90 | .5 | --- | --- | --- |
| 3rd quarter | 255 | 13 | 3 | 1 | 10 | 10 | 250 | 1.3 | | | 3/1.4 |
| October | 96 | 10 | 2 | | 11 | 2 | | | --- | --- | --- |
| November | 82 | 11 | 1 | | 12 | 2 | | | --- | --- | --- |
| December | | | | | | | | | --- | --- | --- |
| 4th quarter | | | | | | | | | | | |
| Lamb and mutton: | | | | | | | | | | | |
| July | 58 | 18 | 5 | 4/ | 17 | 4/ | 64 | .3 | --- | --- | --- |
| August | 53 | 17 | 3 | 4/ | 16 | 4/ | 57 | .3 | --- | --- | --- |
| September | 59 | 16 | 1 | 4/ | 15 | 4/ | 61 | .3 | --- | --- | --- |
| 3rd quarter | 170 | 18 | 9 | 4/ | 15 | 4/ | 182 | .9 | | | 3/1.0 |
| October | 65 | 15 | 2 | | 14 | 4/ | | | --- | --- | --- |
| November | 55 | 14 | 4 | | 13 | 4/ | | | --- | --- | --- |
| December | | | | | | | | | --- | --- | --- |
| 4th quarter | | | | | | | | | | | |
| Pork: | | | | | | | | | | | |
| July | 851 | 413 | 20 | 15 | 321 | 19 | 929 | 4.9 | --- | --- | --- |
| August | 812 | 321 | 17 | 12 | 229 | 24 | 885 | 4.7 | --- | --- | --- |
| September | 937 | 229 | 20 | 13 | 184 | 23 | 966 | 5.1 | --- | --- | --- |
| 3rd quarter | 2,600 | 413 | 57 | 40 | 184 | 66 | 2,780 | 14.7 | | | 3/15.2 |
| October | 1,138 | 184 | 20 | | 223 | 21 | | | --- | --- | --- |
| November | 1,107 | 223 | 18 | | 275 | 17 | | | --- | --- | --- |
| December | | | | | | | | | --- | --- | --- |
| 4th quarter | | | | | | | | | | | |
| All meat: | | | | | | | | | | | |
| July | 2,533 | 731 | 103 | 21 | 635 | 64 | 2,647 | 14.0 | --- | --- | --- |
| August | 2,423 | 635 | 149 | 19 | 546 | 69 | 2,573 | 13.6 | --- | --- | --- |
| September | 2,621 | 546 | 109 | 20 | 466 | 71 | 2,719 | 14.4 | --- | --- | --- |
| 3rd quarter | 7,573 | 731 | 361 | 60 | 466 | 204 | 7,939 | 42.0 | | | 3/43.0 |
| October | 2,919 | 466 | 102 | | 509 | 66 | | | --- | --- | --- |
| November | 2,697 | 509 | 109 | | 593 | 59 | | | --- | --- | --- |
| December | | | | | | | | | --- | --- | --- |
| 4th quarter | | | | | | | | | | | |

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1/ Derived from estimates by months of population eating out of civilian food supplies. 2/ Includes production and consumption from farm slaughter. 3/ Estimated. 4/ Less than 500,000 pounds.

Selected price statistics for meat animals and meat

| Item | Unit | 1963 |  | 1964 |  |  |
|---|---|---|---|---|---|---|
|  |  | November | December | October | November | December |
| Cattle and calves |  |  |  |  |  |  |
| Beef steers, slaughter | Dollars per 100 pounds |  |  |  |  |  |
| Chicago, Prime |  | 24.21 | 23.08 | 26.29 | 25.73 | 25.18 |
| Choice | do. | 23.51 | 22.30 | 25.07 | 24.64 | 24.01 |
| Good | do. | 22.69 | 21.43 | 23.63 | 23.32 | 22.55 |
| Standard | do. | 20.73 | 18.96 | 19.98 | 19.96 | 18.95 |
| Utility | do. | 18.63 | 16.96 | 17.89 | 18.09 | 16.64 |
| All grades | do. | 23.38 | 22.16 | 24.88 | 24.42 | 23.76 |
|  | do. |  |  |  |  |  |
| Omaha, all grades | do. | 22.16 | 20.72 | 23.12 | 22.74 | 21.97 |
| Sioux City, all grades | do. | 22.35 | 21.00 | 23.60 | 23.08 | 22.31 |
| Cows, Chicago |  |  |  |  |  |  |
| Commercial | do. | 13.60 | 12.66 | 12.86 | 12.48 | 12.29 |
| Utility | do. | 13.82 | 12.71 | 12.94 | 12.53 | 12.50 |
| Cutter | do. | 12.54 | 11.79 | 11.69 | 11.38 | 11.67 |
| Canner | do. | 11.25 | 10.68 | 10.43 | 10.19 | 10.31 |
| Vealers, Choice, S. St. Paul | do. | 27.77 | 27.34 | 23.78 | 24.32 | 27.37 |
| Stocker and feeder steers, Kansas City 1/ | do. | 21.53 | 20.06 | 19.33 | 19.18 | 18.80 |
| Price received by farmers |  |  |  |  |  |  |
| Beef cattle | do. | 18.60 | 17.60 | 17.90 | 17.70 | 17.40 |
| Cows | do. | 12.40 | 12.00 | 11.50 | 11.60 | 11.10 |
| Steers and heifers | do. | 21.20 | 20.00 | 20.20 | 20.20 | 19.90 |
| Calves | do. | 22.80 | 22.10 | 19.10 | 19.40 | 19.10 |
| Hogs |  |  |  |  |  |  |
| Barrows and gilts, U. S. No. 1, 2 & 3, Chicago | do. |  |  |  |  |  |
| 200-220 pounds | do. | 15.16 | 15.16 | 16.06 | 15.30 | 16.48 |
| 220-240 pounds | do. | 15.07 | 14.90 | 15.87 | 14.99 | 16.29 |
| 240-270 pounds | do. | 14.50 | 14.09 | 15.31 | 14.34 | 15.62 |
| All weights | do. | 14.85 | 14.49 | 15.69 | 14.70 | 15.86 |
| Barrows and gilts, 8 markets 2/ | do. | 14.47 | 14.21 | 15.29 | 14.43 | 15.55 |
| Sows, Chicago | do. | 12.42 | 11.19 | 13.11 | 11.74 | 12.34 |
| Price received by farmers | do. | 14.20 | 13.60 | 15.10 | 13.90 | 14.70 |
| Hog-corn price ratio 3/ |  |  |  |  |  |  |
| Chicago, barrows and gilts |  | 12.9 | 12.2 | 13.0 | 12.5 | 12.8 |
| Price received by farmers, all hogs |  | 13.9 | 12.7 | 13.7 | 13.4 | 12.9 |
| Sheep and lambs | Dollars per 100 pounds |  |  |  |  |  |
| Sheep |  |  |  |  |  |  |
| Slaughter ewes, Good, Chicago | do. | 5.75 | 5.75 | 6.20 | 6.00 | 6.00 |
| Price received by farmers | do. | 5.53 | 5.92 | 5.81 | 5.61 | 5.90 |
| Lamb |  |  |  |  |  |  |
| Slaughter, Choice, Chicago | do. | 18.98 | 19.12 | 21.26 | 20.52 | 20.98 |
| Feeder, Choice, Omaha | do. | 17.00 | --- | 20.31 | --- | 19.62 |
| Price received by farmers | do. | 17.50 | 18.25 | 19.70 | 19.20 | 19.10 |
| All meat animals |  |  |  |  |  |  |
| Index number price received by farmers (1910-14=100) |  | 272 | 260 | 268 | 260 | 261 |
| Meat |  |  |  |  |  |  |
| Wholesale, Chicago | Dollars per 100 pounds |  |  |  |  |  |
| Steer beef carcass, Choice, 500-600 pounds |  | 39.64 | 38.23 | 41.19 | 40.88 | 39.78 |
| Lamb carcass, Choice, 45-55 pounds | do. | 41.08 | 39.91 | 46.50 | 44.21 | 43.15 |
| Composite hog products: |  |  |  |  |  |  |
| Including lard |  |  |  |  |  |  |
| 71.90 pounds fresh | Dollars | 16.50 | 16.31 | 17.39 | 16.80 | 16.99 |
| Average per 100 pounds | do. | 22.95 | 22.68 | 24.19 | 23.36 | 23.63 |
| 71.01 pounds fresh and cured | do. | 20.66 | 20.80 | 21.58 | 20.92 | 21.35 |
| Average per 100 pounds | do. | 29.09 | 29.29 | 30.39 | 29.46 | 30.07 |
| Excluding lard |  |  |  |  |  |  |
| 55.99 pounds fresh and cured | do. | 18.57 | 18.67 | 19.24 | 18.46 | 18.90 |
| Average per 100 pounds | do. | 33.17 | 33.24 | 34.36 | 32.97 | 33.76 |
| Retail, United States average | Cents per pound |  |  |  |  |  |
| Beef, Choice grade |  | 80.4 | 78.9 | 80.1 | 79.1 |  |
| Pork, retail cuts | do. | 56.5 | 56.1 | 58.3 | 56.9 |  |
| Lamb, Choice grade | do. | 71.1 | 69.6 | 76.4 | 76.1 |  |
| Index number meat prices (BLS) |  |  |  |  |  |  |
| Wholesale (1957-59=100) |  | 89.9 | 86.1 | 91.7 | 87.2 | 86.7 |
| Retail (1957-59=100) 4/ |  | 100.4 | 99.7 | 101.9 | 100.4 | 99.8 |

1/ Average all weights and grades.
2/ Chicago, St. Louis N. S. Y., Kansas City, Omaha, Sioux City, S. St. Joseph, S. St. Paul, and Indianapolis.
3/ Number bushels of corn equivalent in value to 100 pounds of live hogs.
4/ Includes beef and veal, pork, leg of lamb and other meats.

Selected marketing, slaughter and stocks statistics for meat animals and meat

| Item | Unit | 1963 | | 1964 | | |
|---|---|---|---|---|---|---|
| | | November | December | October | November | December |
| Meat animal marketings | | | | | | |
| Index number (1957-59=100) | | 132 | 112 | 159 | 144 | |
| Stocker and feeder shipments to | | | | | | |
| 8 Corn Belt States | 1,000 | | | | | |
| Cattle and calves | head | 1,133 | 578 | 286 | 1,309 | |
| Sheep and lambs | do. | 213 | 122 | 394 | 134 | |
| Slaughter under Federal inspection | | | | | | |
| Number slaughtered | | | | | | |
| Cattle | do. | 1,793 | 1,808 | 2,359 | 2,111 | |
| Steers | do. | 948 | 992 | 1,205 | 1,068 | |
| Heifers | do. | 407 | 418 | 507 | 427 | |
| Cows | do. | 421 | 381 | 616 | 589 | |
| Bulls and stags | do. | 16 | 16 | 31 | 27 | |
| Calves | do. | 385 | 400 | 514 | 443 | |
| Sheep and lambs | do. | 1,112 | 1,105 | 1,213 | 997 | |
| Hogs | do. | 6,379 | 6,695 | 6,804 | 6,546 | |
| Percentage sows | Percent | 8 | 8 | 7 | 8 | |
| Average live weight per head | | | | | | |
| Cattle | Pounds | 1,045 | 1,058 | 1,015 | 1,026 | |
| Calves | do. | 199 | 185 | 206 | 196 | |
| Sheep and lambs | do. | 98 | 99 | 98 | 100 | |
| Hogs | do. | 244 | 245 | 243 | 246 | |
| Average production | | | | | | |
| Beef, per head | do. | 602 | 608 | 580 | 582 | |
| Veal, per head | do. | 112 | 104 | 114 | 109 | |
| Lamb and mutton, per head | do. | 47 | 48 | 47 | 49 | |
| Pork, per head | do. | 147 | 148 | 147 | 149 | |
| Pork, per 100 pounds live weight | do. | 60 | 60 | 60 | 60 | |
| Lard, per head | do. | 29 | 30 | 29 | 29 | |
| Lard, per 100 pounds live weight | do. | 12 | 12 | 12 | 12 | |
| Total production | Million | | | | | |
| Beef | pounds | 1,075 | 1,096 | 1,363 | 1,224 | |
| Veal | do. | 43 | 42 | 58 | 48 | |
| Lamb and mutton | do. | 52 | 53 | 57 | 49 | |
| Pork | do. | 939 | 987 | 1,000 | 973 | |
| Lard | do. | 187 | 198 | 201 | 190 | |
| Commercial slaughter 1/ | | | | | | |
| Number slaughtered | 1,000 | | | | | |
| Cattle | head | 2,228 | 2,235 | 2,871 | 2,570 | |
| Calves | do. | 578 | 587 | 751 | 663 | |
| Sheep and lambs | do. | 1,256 | 1,237 | 1,363 | 1,127 | |
| Hogs | do. | 7,361 | 7,733 | 7,783 | 7,492 | |
| Total production | Million | | | | | |
| Beef | pounds | 1,299 | 1,316 | 1,620 | 1,453 | |
| Veal | do. | 70 | 67 | 96 | 82 | |
| Lamb and mutton | do. | 59 | 60 | 65 | 55 | |
| Pork | do. | 1,075 | 1,130 | 1,138 | 1,107 | |
| Lard | do. | 208 | 220 | 220 | 209 | |
| Cold storage stocks first of month | | | | | | |
| Beef | do. | 237 | 268 | 257 | 261 | |
| Veal | do. | 9 | 11 | 10 | 11 | |
| Lamb and mutton | do. | 18 | 17 | 15 | 14 | |
| Pork | do. | 209 | 250 | 184 | 223 | |
| Total meat and meat products 2/ | do. | 541 | 623 | 532 | 582 | |

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1/ Federally inspected, and other commercial.

2/ Includes stocks of canned meats in cooler in addition to the four meats listed.

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